

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 3
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MERRILL LYNCH & CO., INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)
DELAWARE 13-2740599
(STATE OR OTHER JURISDICTION (I.R.S. EMPLOYER IDENTIFICATION NO.)
OF INCORPORATION OR ORGANIZATION)
WORLD FINANCIAL CENTER
NORTH TOWER
NEW YORK, NEW YORK 10281-1334
(212) 449-1000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ROSEMARY T. BERKERY, ESQ.
ASSOCIATE GENERAL COUNSEL
MERRILL LYNCH & CO., INC.
WORLD FINANCIAL CENTER
NORTH TOWER
NEW YORK, NEW YORK 10281-1334
(212) 449-6990
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

"COPY TO:"
NORMAN D. SLONAKER, ESQ.
BROWN & WOOD
ONE WORLD TRADE CENTER
NEW YORK, NEW YORK 10048

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

THIS POST-EFFECTIVE AMENDMENT NO. 3 TO THE REGISTRATION STATEMENT SHALL HEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

EXPLANATORY NOTE

This Post-Effective Amendment No. 3 contains only a form of prospectus supplement and prospectus to be used in connection with an underwritten offering of the Registrant's Structured Yield Product Exchangeable for Stock /SM/, % STRYPES /SM/ Due , 2001, payable at maturity with shares of common stock of IMC Global Inc. Copies of various prospectuses that were included in the Registration Statement on Form S-3 (No. 33-65135) as originally filed by the Registrant with the Securities and Exchange Commission are not included herein.

+++++
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A POST- +
+EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT RELATING TO THESE +
+SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE +
+SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE +
+TIME THE POST-EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT BECOMES +
+EFFECTIVE. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS SHALL NOT CONSTITUTE +
+AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE +
+ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION +
+OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE +
+SECURITIES LAWS OF ANY SUCH STATE. +
+++++

SUBJECT TO COMPLETION, ISSUE DATE: MAY 30, 1996

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED MAY , 1996)

[LOGO] 5,661,119 STRYPES /SM/
MERRILL LYNCH & CO., INC.
% STRYPES SM DUE , 2001
PAYABLE WITH SHARES OF COMMON STOCK OF
IMC GLOBAL INC.
(OR CASH WITH AN EQUAL VALUE)

The issue price of each Structured Yield Product Exchangeable for Stock SM, % STRYPES SM Due , 2001 (each, a "STRYPES") of Merrill Lynch & Co., Inc. (the "Company") being offered hereby is \$, which amount is equal to the last sale price of the common stock, par value \$1.00 per share (the "IMC Common Stock"), of IMC Global Inc., a Delaware corporation ("IMC"), on , 1996, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on , 2001 (the "Maturity Date"). Interest on the STRYPES, at the rate of % of the issue price per annum, is payable in cash quarterly in arrears on , and beginning , 1996. The STRYPES are not subject to redemption or any sinking fund. The STRYPES will be unsecured obligations of the Company ranking pari passu with all of its other unsecured and unsubordinated indebtedness. In addition, the STRYPES will not restrict the Company's ability to incur additional indebtedness ranking senior to, or pari passu with, the STRYPES. See "Supplemental Description of the STRYPES--Ranking."

On the Maturity Date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares of IMC Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of IMC Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following formula (the "Payment Rate Formula"), subject to certain adjustments: (a) if the Maturity Price is greater than or equal to \$ per share of IMC Common Stock (the "Threshold Appreciation Price"), shares of IMC Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a number of shares of IMC Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Price and (c) if the Maturity Price is less than or equal to the Initial Price, one share of IMC Common Stock per STRYPES. The "Maturity Price" means the average Closing Price (as defined herein) per share of IMC Common Stock on the 20 Trading Days (as defined herein) immediately prior to the second Trading Day preceding the Maturity Date. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE AMOUNT RECEIVABLE BY HOLDERS OF THE STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE IMC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN THE STRYPES WILL RESULT IN A LOSS. See "Supplemental Description of the STRYPES."

Reference is made to the accompanying prospectus of IMC covering the shares of IMC Common Stock (including the preferred stock purchase rights associated therewith) which may be received by a holder of the STRYPES on the Maturity Date. IMC is not affiliated with the Company, will not receive any of the proceeds from the sale of the STRYPES and will have no obligations with respect to the STRYPES.

SEE "RISK FACTORS" BEGINNING ON PAGE S-8 OF THIS PROSPECTUS SUPPLEMENT FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE STRYPES.

For a discussion of certain United States Federal income tax consequences for holders of the STRYPES, see "Certain United States Federal Income Tax Considerations."

The IMC Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol "IGL." Application has been made to list the STRYPES on the NYSE.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

| | PRICE TO PUBLIC (1) | UNDERWRITING DISCOUNT (2) | PROCEEDS TO COMPANY (3) |
|------------------|---------------------|---------------------------|-------------------------|
| Per STRYPES..... | \$ | \$ | \$ |
| Total (4)..... | \$ | \$ | \$ |

</TABLE>

- (1) Plus accrued interest, if any, from , 1996 to the date of delivery.
- (2) The Company, IMC and GVI Holdings, Inc. have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (3) Before deducting expenses payable by the Company estimated at \$.
- (4) The Company has granted the Underwriter an option for 30 days to purchase up to an additional 849,167 STRYPES at the initial public offering price per STRYPES, less the underwriting discount, solely to cover over-allotments. If such over-allotment option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$, \$ and \$, respectively. See "Underwriting."

The STRYPES are offered by the Underwriter, subject to prior sale, when, as and if issued to and accepted by the Underwriter, and subject to certain other conditions. The Underwriter reserves the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the STRYPES will be made in New York, New York, on or about , 1996.

This Prospectus may be used by the Underwriter in connection with offers and sales related to market-making transactions in the STRYPES. The Underwriter may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing market prices at the time of sale.

/SM/ Service mark of Merrill Lynch & Co., Inc.

MERRILL LYNCH & CO.

The date of this Prospectus Supplement is , 1996.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE STRYPES AND THE IMC COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE FOR THE STATE OF NORTH CAROLINA, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS.

SUMMARY

"The following summary is qualified in its entirety by the information included and incorporated by reference in the accompanying Prospectus (the "ML&Co. Prospectus") and by the more detailed information included elsewhere in this Prospectus Supplement. Unless otherwise indicated, the information contained in this Prospectus Supplement assumes that the Underwriter's over-

allotment option is not exercised."

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), is one of the largest securities firms in the world.

IMC GLOBAL INC.

IMC is one of the world's leading producers of crop nutrients for the international agricultural community and is one of the largest distributors in the United States of crop nutrients and related products through its retail and wholesale distribution networks. IMC mines, processes and distributes potash in the United States and Canada, and is a joint venture partner in IMC-Agrico Company, a leading producer, marketer and distributor of phosphate crop nutrients and a leading producer and marketer of animal feed ingredients. IMC's retail distribution network, which extends principally to corn and soybean farmers in the Midwestern and Southeastern United States, is one of the largest distributors of crop nutrients and related products in the United States. IMC also manufactures nitrogen-based and other high-value crop nutrients which are marketed on a wholesale basis principally in the Midwestern and Southeastern United States. In addition, IMC sells specialty lawn and garden, turf, and nursery products on a national basis and ice-melter products in the Midwest and Eastern snow-belt states.

Reference is made to the accompanying prospectus of IMC (the "IMC Prospectus") covering the shares of IMC Common Stock (including the preferred stock purchase rights associated therewith) which may be received by a holder of STRYPES on the Maturity Date. IMC is not affiliated with the Company, will not receive any of the proceeds from the sale of the STRYPES and will have no obligations with respect to the STRYPES. THE IMC PROSPECTUS IS BEING ATTACHED HERETO AND DELIVERED TO PROSPECTIVE PURCHASERS OF STRYPES TOGETHER WITH THIS PROSPECTUS SUPPLEMENT AND THE ML&CO. PROSPECTUS FOR CONVENIENCE OF REFERENCE ONLY. THE IMC PROSPECTUS DOES NOT CONSTITUTE A PART OF THIS PROSPECTUS SUPPLEMENT OR THE ML&CO. PROSPECTUS, NOR IS IT INCORPORATED BY REFERENCE HEREIN OR THEREIN.

THE STRYPES

OFFERING..... 5,661,119 STRYPES

ISSUE PRICE..... \$ per STRYPES

MATURITY DATE..... , 2001

INTEREST RATE..... % of the issue price per annum, or \$ per STRYPES per quarter, payable in cash quarterly in arrears

INTEREST PAYMENT DATES..... , , and , beginning , 1996

PAYMENT AT MATURITY.....

On the Maturity Date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares of IMC Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of IMC Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following Payment Rate Formula, subject to certain adjustments: (a) if the Maturity Price

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is greater than or equal to \$ per share of IMC Common Stock (the "Threshold Appreciation Price"), shares of IMC Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a number of shares of IMC Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Price and (c) if the Maturity Price is less than or equal to the Initial Price, one share of IMC Common Stock per STRYPES. The "Maturity Price" means the sum of (A) the average Closing Price per share of IMC Common Stock on the 20 Trading Days immediately prior to the second Trading Day preceding the Maturity Date and (B) the fair market value (as determined by the Board of Directors of the Company, whose determination

shall be conclusive, and described in a resolution adopted with respect thereto) as of the third Trading Day preceding the Maturity Date of the Distributed Assets (as defined herein) applicable to one share of IMC Common Stock. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE AMOUNT RECEIVABLE BY HOLDERS OF THE STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE IMC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN THE STRYPES WILL RESULT IN A LOSS. See "Supplemental Description of the STRYPES--General."

NO REDEMPTION, SINKING FUND
OR PAYMENT PRIOR TO
MATURITY.....

The STRYPES are not subject to redemption by the Company prior to the Maturity Date and do not contain any sinking fund or other mandatory redemption provisions. The STRYPES are not subject to payment prior to the Maturity Date at the option of the holder.

RANKING.....

The STRYPES will be unsecured obligations of the Company ranking pari passu with all of its other unsecured and unsubordinated indebtedness. See "Supplemental Description of the STRYPES--Ranking" herein and "Description of the STRYPES--Ranking" in the ML&Co. Prospectus.

RELATIONSHIP TO IMC COMMON
STOCK.....

The STRYPES will bear interest at % of the issue price per annum, a yield substantially in excess of the % dividend yield of IMC Common Stock based on the last sale price of the IMC Common Stock on , 1996, as reported on the NYSE, and the recent \$.08 per share quarterly dividend paid on the IMC Common Stock. However, the opportunity for equity appreciation afforded by an investment in the STRYPES is less than the opportunity for equity appreciation afforded by a direct investment in the IMC Common Stock because the amount receivable by a holder of a STRYPES on the Maturity Date will only exceed the issue price of such STRYPES if the Maturity Price of the IMC

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Common Stock exceeds the Threshold Appreciation Price (which represents an appreciation of % over the Initial Price). Moreover, holders of the STRYPES will only be entitled to receive on the Maturity Date % (the percentage equal to the Initial Price divided by the Threshold Appreciation Price) of any appreciation of the value of IMC Common Stock in excess of the Threshold Appreciation Price. Holders of the STRYPES will not be entitled to any rights with respect to the IMC Common Stock (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof) unless and until such time, if any, as the Company shall have delivered shares of IMC Common Stock for STRYPES on the Maturity Date, and unless the applicable record date, if any, for the exercise of such rights occurs after such delivery. See "Risk Factors--Limitations on Opportunity for Equity Appreciation" and "--No Stockholder's Rights."

TRADING PRICES.....

The trading prices of the STRYPES in the secondary market will be directly affected by the trading prices of the IMC Common Stock in the secondary market. It is impossible to predict whether the price of IMC Common Stock will rise or fall. In addition, any market that develops for the STRYPES is likely to influence the market for IMC Common Stock. For example, the price of IMC Common Stock could be depressed by investors' anticipation of

the potential distribution into the market of substantial amounts of IMC Common Stock on the Maturity Date, by possible sales of IMC Common Stock by investors who view the STRYPES as a more attractive means of equity participation in IMC, and by hedging or arbitrage trading activity that may develop involving the STRYPES and the IMC Common Stock. See "Risk Factors--Factors Affecting Trading Prices" and "--Impact of the STRYPES on the Market for IMC Common Stock."

DILUTION.....

The number of shares (or the amount of cash) that holders of the STRYPES are entitled to receive upon payment and discharge on the Maturity Date will not be adjusted for certain events, such as offerings of IMC Common Stock for cash or in connection with acquisitions. IMC is not restricted from issuing additional IMC Common Stock during the term of the STRYPES and has no obligation to consider the interests of holders of STRYPES for any reason. Additional issuances of shares of IMC Common Stock may materially and adversely affect the price of IMC Common Stock and, because of the relationship of the number of shares (or cash amount) to be received upon payment and discharge to the price of the IMC Common Stock, such other events may adversely affect the trading price of the STRYPES. See "Risk Factors--Dilution of IMC Common Stock."

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PURCHASE CONTRACT WITH GVI HOLDINGS, INC.....

The Company has entered into a contract (the "Purchase Contract") to purchase from GVI Holdings, Inc. ("GVI"), a wholly-owned subsidiary of Great American Management and Investment, Inc., immediately prior to the Maturity Date of the STRYPES, at an aggregate purchase price equal to the total issue price for the STRYPES, less the total underwriting discount, plus an adjustment for an interest differential factor, a number of shares of IMC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to the Underwriter). See "Certain Arrangements with GVI." GVI will be obligated to deliver such shares of IMC Common Stock pursuant to the Purchase Contract only upon payment by the Company of the consideration therefor. In lieu of delivering shares of IMC Common Stock, GVI has the right to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of IMC Common Stock at the Maturity Price. Such right, if exercised by GVI, must be exercised with respect to all shares of IMC Common Stock deliverable pursuant to the Purchase Contract. Under the Purchase Contract, the Company has agreed to pay and discharge the STRYPES by delivering to the holders thereof on the Maturity Date the form of consideration that it receives from GVI.

GVI has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration in determining whether to deliver shares of IMC Common Stock or cash or for any other reason. The Purchase Contract between the Company and GVI is a commercial transaction and does not create any rights in, or for the benefit of, any holder of STRYPES.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS.....

Prospective investors in the STRYPES should be

aware that there exists uncertainty concerning the proper United States Federal income tax characterization and treatment of the STRYPES. Accordingly, prospective investors should consider the tax consequences of investing in the STRYPES. See "Risk Factors--Tax Matters" and "Certain United States Federal Income Tax Considerations."

GLOBAL NOTES.....

Upon issuance, all STRYPES will be represented by one or more global securities deposited with, and registered in the name of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), or a nominee thereof. As a result, the Securities Depository, or its nominee, will be considered the sole owner of the

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STRYPES under the Indenture (as defined herein). Ownership interests of actual purchasers of STRYPES will be recorded on the records of participants in the Securities Depository. See "Description of the STRYPES--Securities Depository" in the ML&Co. Prospectus.

USE OF PROCEEDS.....

The net proceeds to the Company from the sale of the STRYPES are expected to be \$, a significant portion of which will be invested, pending application to satisfy the Company's obligations under the Purchase Contract at maturity. The remainder of the net proceeds will be used for general corporate purposes.

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RISK FACTORS

"Prospective purchasers should read carefully this entire Prospectus Supplement and the ML&Co. Prospectus and should consider, among other things, the factors set forth below and under "Risk Factors" in the IMC Prospectus."

COMPARISON TO OTHER DEBT SECURITIES; RELATIONSHIP TO IMC COMMON STOCK

The terms of the STRYPES differ from those of ordinary debt securities in that the value of the IMC Common Stock (or, pursuant to the option of the Company, the amount of cash) that a holder of a STRYPES will receive on the Maturity Date is not fixed, but is based on the Maturity Price of the IMC Common Stock (see "Supplemental Description of the STRYPES"). THERE CAN BE NO ASSURANCE THAT SUCH AMOUNT RECEIVABLE BY THE HOLDER ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE IMC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. ACCORDINGLY, A HOLDER OF STRYPES ASSUMES THE RISK THAT THE MARKET VALUE OF THE IMC COMMON STOCK MAY DECLINE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL. THE IMC PROSPECTUS COVERS THE SHARES OF IMC COMMON STOCK (INCLUDING THE PREFERRED STOCK PURCHASE RIGHTS ASSOCIATED THEREWITH) WHICH MAY BE RECEIVED BY A HOLDER OF THE STRYPES ON THE MATURITY DATE.

LIMITATION ON OPPORTUNITY FOR EQUITY APPRECIATION

The opportunity for equity appreciation afforded by an investment in the STRYPES is less than the opportunity for equity appreciation afforded by a direct investment in the IMC Common Stock because the amount receivable by a holder of a STRYPES on the Maturity Date will only exceed the issue price of such STRYPES if the Maturity Price of the IMC Common Stock exceeds the Threshold Appreciation Price (which represents an appreciation of % over the Initial Price). Moreover, holders of the STRYPES will only be entitled to receive on the Maturity Date % (the percentage equal to the Initial Price divided by the Threshold Appreciation Price) of any appreciation of the value of IMC Common Stock in excess of the Threshold Appreciation Price. See "Supplemental Description of the STRYPES." Because the price of the IMC Common Stock is subject to market fluctuations, the value of the IMC Common Stock (or, pursuant to the option of the Company, the amount of cash) received by a holder of a STRYPES on the Maturity Date, determined as described herein, may be more or less than the issue price of the STRYPES.

FACTORS AFFECTING TRADING PRICES

The trading prices of the STRYPES in the secondary market will be directly affected by the trading prices of the IMC Common Stock in the secondary market.

It is impossible to predict whether the price of IMC Common Stock will rise or fall. Trading prices of IMC Common Stock will be influenced by IMC's operating results and prospects, by complex and interrelated political, economic, financial and other factors and market conditions that can affect the capital markets generally, the market segment of which IMC is a part, the NYSE (on which the IMC Common Stock is traded), including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of IMC Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur, and by other events that are difficult to predict and are beyond the Company's control.

IMPACT OF STRYPES ON THE MARKET FOR IMC COMMON STOCK

It is not possible to predict accurately how or whether the STRYPES will trade in the secondary market or whether such market will be liquid. Any market that develops for the STRYPES is likely to influence and be influenced by the market for IMC Common Stock. For example, the price of IMC Common Stock could become more volatile and could be depressed by investors' anticipation of the potential distribution into the market of substantial amounts of IMC Common Stock on the Maturity Date, by possible sales of IMC Common Stock by investors who view the STRYPES as a more attractive means of equity participation in IMC, and by hedging or arbitrage trading activity that may develop involving the STRYPES and the IMC

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Common Stock. In addition, if the Underwriter's over-allotment option is not exercised in full, GVI will continue to own shares of the IMC Common Stock that are not subject to the Purchase Contract. GVI is not precluded from selling any such shares of IMC Common Stock, either pursuant to Rule 144 or by exercising its registration rights. Any such sales could have an adverse effect on the market price of IMC Common Stock and/or the STRYPES and could affect the Payment Rate Formula.

POSSIBLE ILLIQUIDITY OF THE SECONDARY MARKET

It is not possible to predict how the STRYPES will trade in the secondary market or whether such market will be liquid or illiquid. The STRYPES are novel securities and there is currently no secondary market for the STRYPES. Application has been made to list the STRYPES on the NYSE. However there can be no assurance that an active trading market for the STRYPES will develop, that such listing will provide the holders of the STRYPES with liquidity of investment, or that the STRYPES will not later be delisted or that trading of the STRYPES on the NYSE will not be suspended. In the event of a delisting or suspension of trading on the NYSE, the Company will apply for listing of the STRYPES on another national securities exchange or for quotation on another trading market. If the STRYPES are not listed or traded on any securities exchange or trading market, or if trading of the STRYPES is suspended, pricing information for the STRYPES may be more difficult to obtain and the liquidity of the STRYPES may be adversely affected.

NO STOCKHOLDER'S RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the IMC Common Stock (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof) unless and until such time, if any, as the Company shall have delivered shares of IMC Common Stock for STRYPES on the Maturity Date, and unless the applicable record date, if any, for the exercise of such rights occurs after such delivery. For example, in the event that an amendment is proposed to the Restated Certificate of Incorporation of IMC and the record date for determining the stockholders of record entitled to vote on such amendment occurs prior to such delivery, holders of the STRYPES will not be entitled to vote on such amendment.

NO AFFILIATION BETWEEN THE COMPANY AND IMC

The Company has no affiliation with IMC, and IMC has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration for any reason. IMC will not receive any of the proceeds of the offering of the STRYPES made hereby and is not responsible for, and has not participated in, the determination of the timing of, prices for or quantities of the STRYPES to be issued, or the determination or calculation of the amount receivable by holders of the STRYPES on the Maturity Date. IMC is not involved with the administration or trading of the STRYPES and has no obligations with respect to the amount receivable by holders of the STRYPES on the Maturity Date.

DILUTION OF IMC COMMON STOCK

The number of shares of IMC Common Stock (or, pursuant to the option of the Company, the amount of cash) that holders of the STRYPES are entitled to receive on the Maturity Date is subject to adjustment for certain events arising from, among others, a merger or consolidation in which IMC is not the

surviving or resulting corporation, a sale or transfer of all or substantially all of the assets of IMC and the liquidation, dissolution, winding up or bankruptcy of IMC, as well as stock splits and combinations, stock dividends and certain other actions of IMC that modify its capital structure. See "Supplemental Description of the STRYPES--Dilution Adjustments." Such number of shares of IMC Common Stock (or cash amount) to be received by such holders on the Maturity Date will not be adjusted for other events, such as offerings of IMC Common Stock for cash or in connection with acquisitions. IMC is not restricted from issuing additional shares of IMC Common Stock during the term of the STRYPES and has no obligation to consider the interests of the holders of the STRYPES for any reason. Additional issuances may materially and adversely affect the price of the IMC Common Stock and, because of the relationship of the number of shares (or cash amount) to be received on the Maturity Date to the price of the IMC Common Stock, such other events may adversely affect the trading price of the STRYPES.

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PURCHASE FROM GVI

Pursuant to the Purchase Contract, the Company will purchase from GVI immediately prior to the Maturity Date of the STRYPES, at an aggregate purchase price equal to the total issue price for the STRYPES, less the total underwriting discount, plus an adjustment for an interest differential factor, a number of shares of IMC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to the Underwriter). See "Certain Arrangement with GVI." GVI will be obligated to deliver such shares of IMC Common Stock pursuant to the Purchase Contract only upon payment by the Company of the consideration therefor. In lieu of delivering shares of IMC Common Stock, GVI has the right to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of IMC Common Stock at the Maturity Price. Such right, if exercised by GVI, must be exercised with respect to all shares of IMC Common Stock deliverable pursuant to the Purchase Contract. The Company has agreed to pay and discharge the STRYPES by delivering to the holders thereof on the Maturity Date the form of consideration that it receives from GVI under the Purchase Contract. The net proceeds from the sale of the STRYPES will be used by the Company for general corporate purposes. See "Use of Proceeds."

The Company has no affiliation with GVI, and GVI has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration in determining whether to deliver shares of IMC Common Stock or cash or for any other reason. The Purchase Contract between the Company and GVI is a commercial transaction and does not create any rights in, or for the benefit of, any holder of STRYPES.

TAX MATTERS

Because of an absence of authority as to the proper characterization of the STRYPES, their ultimate tax treatment is uncertain. Accordingly, no assurances can be given that any particular characterization and treatment of the STRYPES will be accepted by the Internal Revenue Service ("IRS") or upheld by a court. However, it is the opinion of Brown & Wood, counsel to the Company, that the characterization and tax treatment of the STRYPES described herein (and described in greater detail under "Certain United States Federal Income Tax Considerations"), while not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties. The Indenture will require that any holder subject to U.S. Federal income tax include currently in income, for U.S. Federal income tax purposes, payments denominated as interest that are made with respect to a STRYPES in accordance with such holder's regular method of tax accounting. The Indenture also requires the Company and holders to treat each STRYPES for tax purposes as a unit (a "Unit") consisting of (i) a debt instrument (the "Debt Instrument") with a fixed principal amount unconditionally payable on the Maturity Date equal to the issue price of the STRYPES and bearing interest at the stated interest rate on the STRYPES and (ii) a forward purchase contract (the "Forward Contract") pursuant to which the holder agrees to use the principal payment due on the Debt Instrument to purchase on the Maturity Date the IMC Common Stock which the Company is obligated under the STRYPES to deliver at that time (subject to the Company's right to deliver cash in lieu of the IMC Common Stock). The Indenture also requires that upon the acquisition of a STRYPES and upon a holder's sale or other disposition of a STRYPES prior to the Maturity Date, the amount paid or realized by the holder be allocated by the holder between the Debt Instrument and the Forward Contract based upon their relative fair market values (as determined on the date of acquisition or disposition). For these purposes, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and each holder agrees, pursuant to the terms of the Indenture, to allocate \$ _____ of the entire initial purchase price of a STRYPES (i.e., the issue price of a STRYPES) to the Debt Instrument and to allocate the remaining

\$ of the entire initial purchase price of a STRYPES to the Forward Contract. As previously mentioned, the appropriate character and timing of income, gain or loss to be recognized on a STRYPES is uncertain and investors should consult their own tax advisers concerning the application of the United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the STRYPES arising under the laws of any other taxing jurisdiction. The tax consequences of investing in the STRYPES are described in greater detail under "Certain United States Federal Income Tax Considerations."

HOLDING COMPANY STRUCTURE

Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the holders of the STRYPES), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

IMC GLOBAL INC.

IMC is one of the world's leading producers of crop nutrients for the international agricultural community and is one of the largest distributors in the United States of crop nutrients and related products through its retail and wholesale distribution networks. IMC mines, processes and distributes potash in the United States and Canada, and is a joint venture partner in IMC-Agrico Company, a leading producer, marketer and distributor of phosphate crop nutrients and a leading producer and marketer of animal feed ingredients. IMC's retail distribution network, which extends principally to corn and soybean farmers in the Midwestern and Southeastern United States, is one of the largest distributors of crop nutrients and related products in the United States. IMC also manufactures nitrogen-based and other high-value crop nutrients which are marketed on a wholesale basis principally in the Midwestern and Southeastern United States. In addition, IMC sells specialty lawn and garden, turf, and nursery products on a national basis and ice-melter products in the Midwest and Eastern snow-belt states.

IMC is subject to the informational requirements of the Exchange Act. Accordingly, IMC files reports, proxy and information statements and other information with the Commission. Copies of such material can be inspected and copied at the public reference facilities maintained by the Commission at the addresses specified under "Available Information" in the IMC Prospectus. Reports, proxy and information statements and other information concerning IMC may also be inspected at the offices of the NYSE.

THE COMPANY IS NOT AFFILIATED WITH IMC, AND IMC HAS NO OBLIGATIONS WITH RESPECT TO THE STRYPES. THIS PROSPECTUS SUPPLEMENT AND THE ML&CO. PROSPECTUS RELATE ONLY TO THE STRYPES OFFERED HEREBY AND DO NOT RELATE TO THE IMC COMMON STOCK. IMC HAS FILED A REGISTRATION STATEMENT ON FORM S-3 WITH THE COMMISSION COVERING THE SHARES OF IMC COMMON STOCK (INCLUDING THE PREFERRED STOCK PURCHASE RIGHTS ASSOCIATED THEREWITH) THAT MAY BE RECEIVED BY A HOLDER OF STRYPES ON THE MATURITY DATE. THE PROSPECTUS OF IMC CONSTITUTING A PART OF SUCH REGISTRATION STATEMENT INCLUDES INFORMATION RELATING TO IMC AND THE IMC COMMON STOCK (INCLUDING THE PREFERRED STOCK PURCHASE RIGHTS ASSOCIATED THEREWITH), AS WELL AS A DISCUSSION OF CERTAIN FACTORS RELEVANT TO AN INVESTMENT IN IMC COMMON STOCK. THE IMC PROSPECTUS IS BEING ATTACHED HERETO AND DELIVERED TO PROSPECTIVE PURCHASERS OF STRYPES TOGETHER WITH THIS PROSPECTUS SUPPLEMENT AND THE ML&CO. PROSPECTUS FOR CONVENIENCE OF REFERENCE ONLY. THE IMC PROSPECTUS DOES NOT CONSTITUTE A PART OF THIS PROSPECTUS SUPPLEMENT OR THE ML&CO. PROSPECTUS, NOR IS IT INCORPORATED BY REFERENCE HEREIN OR THEREIN.

PRICE RANGE OF IMC COMMON STOCK AND DIVIDENDS

The IMC Common Stock is listed and traded on the NYSE under the symbol "IGL." The following table sets forth the high and low sale prices of the IMC Common Stock for the periods indicated, as reported on the NYSE Composite Tape, and the cash dividends per share of IMC Common Stock declared and paid during such periods. Data reflected in the table for periods prior to IMC's 2-for-1 stock split in November 1995 have been adjusted to reflect such stock split.

<TABLE>
<CAPTION>

DIVIDENDS

| PERIOD ----- | HIGH ---- | LOW --- | PER SHARE ----- |
|--|--------------|------------|--------------------|
| <S> | <C> | <C> | <C> |
| FISCAL YEAR 1995 | | | |
| Quarter ended September 30..... | \$22.313 | \$17.063 | \$ -- |
| Quarter ended December 31..... | 22.375 | 18.125 | 0.05 |
| Quarter ended March 31..... | 26.250 | 20.625 | 0.05 |
| Quarter ended June 30..... | 27.313 | 22.250 | 0.05 |
| FISCAL YEAR 1996 | | | |
| Quarter ended September 30..... | 33.313 | 27.000 | 0.05 |
| Quarter ended December 31..... | 40.875 | 30.313 | 0.08 |
| Quarter ended March 31..... | 43.250 | 33.625 | 0.08 |
| Quarter ended June 30 (through May 24, 1996)..... | 39.875 | 32.250 | 0.08(1) |

</TABLE>

(1) IMC declared a quarterly dividend of \$0.08 per share on April 18, 1996, payable on June 28, 1996 to stockholders of record at the close of business on June 14, 1996.

As of May 24, 1996, there were approximately 476 record holders of the IMC Common Stock. On May 24, 1996, the last reported sale price of the IMC Common Stock on the NYSE was \$38.125 per share.

In April 1993, IMC's Board of Directors reduced cash dividend payments on the IMC Common Stock in light of financial demands of litigation arising out of an explosion at a nitroparaffins plant operated by IMC in Sterlington, Louisiana, and weakness in concentrated phosphate prices. Although IMC has paid cash dividends in recent quarters, any future payment of cash dividends is subject to the discretion of IMC's Board of Directors and will be dependent on IMC's results of operations, financial condition, cash requirements and other relevant factors. Since substantially all of IMC's operations are conducted through subsidiaries, IMC cash flow, and consequently its future ability to pay dividends, will be dependent upon the earnings of its subsidiaries and the payment of funds by those subsidiaries to IMC in the form of loans, dividends or otherwise. Certain of IMC's debt agreements contain restrictions on the payment of dividends by IMC's subsidiaries.

The Company makes no representation as to the amount of dividends, if any, that IMC will pay in the future. In any event, holders of STRYPES will not be entitled to receive any dividends that may be payable on IMC Common Stock until such time as the Company, if it so elects, delivers IMC Common Stock on the Maturity Date of the STRYPES, and then only with respect to dividends having a record date on or after the date of delivery of such IMC Common Stock. See "Supplemental Description of the STRYPES."

SUPPLEMENTAL USE OF PROCEEDS

The net proceeds to the Company from the sale of the STRYPES are expected to be \$, a significant portion of which will be invested, pending application to satisfy the Company's obligations under the Purchase Contract at maturity. The remainder of the net proceeds will be used for general corporate purposes.

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SUPPLEMENTAL DESCRIPTION OF THE STRYPES

The STRYPES are a series of Senior Debt Securities to be issued under an indenture, dated as of April 1, 1983 and restated as of April 1, 1987, as amended and supplemented as of , 1996 (the indenture dated as of April 1, 1983 and restated as of April 1, 1987, as amended and supplemented from time to time, the "Indenture") between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee (the "Trustee"). Certain provisions of the Indenture are summarized in the ML&Co. Prospectus. All capitalized terms not otherwise defined herein have the meanings specified in the Indenture.

GENERAL

The aggregate number of STRYPES to be issued under the Indenture will be limited to 5,661,119, plus such additional number of STRYPES as may be issued pursuant to the over-allotment option granted by the Company to the Underwriter. See "Underwriting." No fractional STRYPES will be issued.

Each STRYPES, which will be issued at a price of \$, will bear interest at the rate of % of the issue price per annum (or \$ per annum) from , 1996, or from the most recent Interest Payment Date to which interest has been paid or provided for, until the Maturity Date or such earlier date on which such STRYPES is repaid pursuant to the terms thereof. Interest on the STRYPES will be payable in cash quarterly in arrears on , , and , beginning , 1996, and on the Maturity Date (each, an "Interest Payment Date"), to the persons in whose names the STRYPES are registered at the close of business on the last day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date. Interest on the STRYPES will be computed on the basis of a 360-day year of twelve 30-day months. If an

Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment.

The STRYPES will mature on _____, 2001. On the Maturity Date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares (such number of shares being hereinafter referred to as the "Payment Rate") of IMC Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of IMC Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following "Payment Rate Formula," subject to adjustment as a result of certain dilution events: (a) if the Maturity Price (as defined below) per share of IMC Common Stock is greater than or equal to the Threshold Appreciation Price, _____ shares of IMC Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a number of shares of IMC Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) is equal to the Initial Price and (c) if the Maturity Price is less than or equal to the Initial Price, one share of IMC Common Stock per STRYPES. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE AMOUNT RECEIVABLE BY HOLDERS OF THE STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE IMC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. The numbers of shares of IMC Common Stock per STRYPES specified in clauses (a) and (c) of the Payment Rate Formula are hereinafter referred to as the "Share Components."

Notwithstanding the foregoing, the Company may, in lieu of delivering shares of IMC Common Stock, deliver cash in an amount equal to the value of such number of shares of IMC Common Stock at the Maturity Price, subject to the Company's agreement contained in the Purchase Contract to deliver on the Maturity Date the form of consideration that it receives from GVI. Such right, if exercised by the Company, must be exercised with respect to all shares of IMC Common Stock otherwise deliverable on the Maturity Date in payment of all outstanding STRYPES. On or prior to the sixth Business Day prior to the Maturity Date, the

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Company will notify The Depository Trust Company and the Trustee and publish a notice in "The Wall Street Journal" or another daily newspaper of national circulation stating whether the STRYPES will be paid and discharged with shares of IMC Common Stock or cash. At the time such notice is published, the Maturity Price will not have been determined. If the Company elects to deliver shares of IMC Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale of such stock.

The "Maturity Price" is defined as the sum of (A) the average Closing Price per share of IMC Common Stock on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date and (B) the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a resolution adopted with respect thereto) as of the third Trading Day preceding the Maturity Date of the Distributed Assets (as defined below) applicable to one share of IMC Common Stock. The "Closing Price" of any security on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of such security on the NYSE on such date or, if such security is not listed for trading on the NYSE on any such date, as reported in the composite transactions for the principal United States securities exchange on which such security is so listed, or if such security is not so listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System, or, if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or, if such bid price is not available, the market value of such security on such date as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company. In the event that the Payment Rate Formula is adjusted as described under "--Dilution Adjustments" below, each of the Closing Prices used in determining the Maturity Price will be similarly adjusted to derive, for purposes of determining which of clauses (a), (b) or (c) of the Payment Rate Formula will apply on the Maturity Date, a Maturity Price stated on a basis comparable to the Initial Price and the Threshold Appreciation Price. A "Trading Day" is defined as a day on which the security the Closing Price of which is being determined (A) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (B) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of such security.

For illustrative purposes only, the following table shows the number of shares of IMC Common Stock or the amount of cash that a holder of STRYPES would

receive for each STRYPES at various Maturity Prices. The table assumes that there will be no dilution adjustments to the Payment Rate Formula as described below. There can be no assurance that the Maturity Price will be within the range set forth below. Given the Initial Price of \$ _____ and the Threshold Appreciation Price of \$ _____, a STRYPES holder would receive on the Maturity Date the following number of shares of IMC Common Stock or amount of cash (if the Company elects to pay and discharge the STRYPES with cash) per STRYPES:

<TABLE>

<CAPTION>

| MATURITY PRICE OF IMC COMMON STOCK ----- <S> \$ | NUMBER OF SHARES OF IMC COMMON STOCK ----- <C> | AMOUNT OF CASH ----- <C> \$ |
|--|--|---|
|--|--|---|

</TABLE>

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DILUTION ADJUSTMENTS

The Payment Rate Formula is subject to adjustment if IMC shall: (i) pay a stock dividend or make a distribution with respect to IMC Common Stock in shares of such stock; (ii) subdivide or split the outstanding shares of IMC Common Stock into a greater number of shares; (iii) combine the outstanding shares of IMC Common Stock into a smaller number of shares; (iv) issue by reclassification of shares of IMC Common Stock any shares of common stock of IMC; (v) issue rights or warrants to all holders of IMC Common Stock entitling them to subscribe for or purchase shares of IMC Common Stock at a price per share less than the then current market price of the IMC Common Stock (other than rights to purchase IMC Common Stock pursuant to a plan for the reinvestment of dividends or interest); or (vi) pay a dividend or make a distribution to all holders of IMC Common Stock of evidences of its indebtedness or other assets (excluding any stock dividends or distributions referred to in clause (i) above or any cash dividends other than any Extraordinary Cash Dividends (as defined below)) or issue to all holders of IMC Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (v) above) (any of the foregoing are referred to as the "Distributed Assets").

In the case of the events referred to in clauses (i), (ii), (iii) and (iv) above, the Payment Rate Formula shall be adjusted so that each holder of any STRYPES shall thereafter be entitled to receive, upon payment and discharge or redemption of such STRYPES, the number of shares of IMC Common Stock which such holder would have owned or been entitled to receive immediately following any such event had such STRYPES been paid and discharged or redeemed immediately prior to such event or any record date with respect thereto.

In the case of the event referred to in clause (v) above, the Payment Rate Formula shall be adjusted by multiplying each of the Share Components in the Payment Rate Formula in effect immediately prior to the date of issuance of the rights or warrants referred to in clause (v) above by a fraction, the numerator of which shall be the number of shares of IMC Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of IMC Common Stock offered for subscription or purchase pursuant to such rights or warrants, and the denominator of which shall be the number of shares of IMC Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of IMC Common Stock which the aggregate offering price of the total number of shares of IMC Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at the current market price (determined as the average Closing Price per share of IMC Common Stock on the 20 Trading Days immediately prior to the date such rights or warrants are issued, subject to certain adjustments), which shall be determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such current market price. To the extent that shares of IMC Common Stock are not delivered after the expiration of such rights or warrants, or if such rights or warrants are not issued, the Payment Rate Formula shall be readjusted to the Payment Rate Formula which would then be in effect had such adjustments for the issuance of such rights or warrants been made upon the basis of delivery of only the number of shares of IMC Common Stock actually delivered.

In the case of the event referred to in clause (vi) above, the Payment Rate Formula shall be adjusted by multiplying each of the Share Components in the Payment Rate Formula in effect on the record date by a fraction, the numerator of which shall be the market price per share of the IMC Common Stock on the record date for the determination of stockholders entitled to receive the dividend or distribution referred to in clause (vi) above (such market price being determined as the average Closing Price per share of IMC Common Stock on the 20 Trading Days immediately prior to such record date, subject to certain adjustments), and the denominator of which shall be such market price per share of IMC Common Stock less the fair market value (as determined by the Board of

Directors of the Company, whose determination shall be conclusive, and described in a resolution adopted with respect thereto) as of such record date of the portion of the Distributed Assets so distributed applicable to one share of IMC Common Stock; "provided, however", that in the event that the then fair market value (as so determined) of the portion of the Distributed Assets so distributed applicable to one share of IMC Common Stock is equal to or greater than the market price per share of IMC

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Common Stock as of such record date, in lieu of the foregoing adjustment, the Company shall reserve such Distributed Assets (or, in the case of Distributed Assets of a kind described in (z) below, an amount in cash equal to the fair market value thereof, determined in the manner and as of the date described in clause (z) below) for delivery to the holders of the STRYPES on the Maturity Date and, on the Maturity Date, shall deliver to each such holder, in addition to the shares of IMC Common Stock (or cash in lieu thereof) to which such holder is otherwise entitled, (x) in respect of that portion, if any, of the Distributed Assets consisting of cash, the amount of such Distributed Assets consisting of cash which such holder would have received had each STRYPES held by such holder been paid and discharged immediately prior to the record date for the determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, without interest, plus (y) in respect of that portion, if any, of the Distributed Assets consisting of securities for which there is an actual or when issued trading market ("marketable securities"), the amount of such Distributed Assets consisting of marketable securities which such holder would have received had each STRYPES held by such holder been paid and discharged immediately prior to the record date for the determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, plus (z) in respect of that portion, if any, of the Distributed Assets which are of a kind other than that described in clause (x) or (y) above, an amount in cash equal to the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a resolution adopted with respect thereto), as of the record date for determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, of the Distributed Assets consisting of other assets which such holder would have received had each STRYPES held by such holder been paid and discharged immediately prior to such record date, without interest thereon.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, all cash dividends on the IMC Common Stock during such period to the extent such dividends exceed on a per share basis 10% of the average Closing Price of the IMC Common Stock over such period (less any such dividends for which a prior adjustment to the Payment Rate Formula was previously made). All adjustments to the Payment Rate Formula will be calculated to the nearest 1/10,000th of a share of IMC Common Stock (or if there is not a nearest 1/10,000th of a share to the next lower 1/10,000th of a share). No adjustment in the Payment Rate Formula shall be required unless such adjustment would require an increase or decrease of at least one percent therein; "provided, however", that any adjustments which by reason of the foregoing are not required to be made shall be carried forward and taken into account in any subsequent adjustment. If an adjustment is made to the Payment Rate Formula as described above, an adjustment will also be made to the Maturity Price solely to determine which of clauses (a), (b) or (c) of the Payment Rate Formula will apply on the Maturity Date. The required adjustment to the Maturity Price will be made by multiplying each of the Closing Prices used in determining the Maturity Price by a fraction, the numerator of which shall be the Share Component in clause (c) of the Payment Rate Formula immediately after such adjustment described above, and the denominator of which shall be the Share Component in clause (c) of the Payment Rate Formula immediately before such adjustment described above. Each such adjustment to the Payment Rate Formula shall be made successively.

In the event of (A) any consolidation or merger of IMC, or any surviving entity or subsequent surviving entity of IMC (a "IMC Successor"), with or into another entity (other than a merger or consolidation in which IMC is the continuing corporation and in which the IMC Common Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of IMC or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of IMC or any IMC Successor as an entirety or substantially as an entirety, (C) any statutory exchange of securities of IMC or any IMC Successor with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of IMC or any IMC Successor (any such event described in clause (A), (B), (C) or (D), a "Reorganization Event"), the Payment Rate Formula used to determine the amount payable on the Maturity Date for each STRYPES will be adjusted to provide that each holder of STRYPES will receive on the Maturity Date for each STRYPES cash in an amount equal to (a) if the Transaction Value (as defined below) is greater than or equal to the Threshold Appreciation Price,

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multiplied by the Transaction Value, (b) if the Transaction Value is less than the Threshold Appreciation Price but greater than the Initial Price, the Initial Price and (c) if the Transaction Value is less than or equal to the Initial Price, the Transaction Value. "Transaction Value" means (i) for any cash received in any such Reorganization Event, the amount of cash received per share of IMC Common Stock, (ii) for any property other than cash or securities received in any such Reorganization Event, an amount equal to the market value on the Maturity Date of such property received per share of IMC Common Stock as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company and (iii) for any securities received in any such Reorganization Event, an amount equal to the average Closing Price per unit of such securities on the 20 Trading Days immediately prior to the second Trading Day preceding the Maturity Date multiplied by the number of such securities received for each share of IMC Common Stock. Notwithstanding the foregoing, in the event that property or securities, or a combination of cash, on the one hand, and property or securities, on the other, are received in such Reorganization Event, the Company may, in lieu of delivering cash as described above, deliver the amount of cash, securities and other property received per share of IMC Common Stock in such Reorganization Event determined in accordance with clause (i), (ii) or (iii) above, as applicable. If the Company elects to deliver securities or other property, holders of the STRYPES will be responsible for the payment of any and all brokerage and other transaction costs upon any subsequent sale of such securities or other property. The kind and amount of securities with which the STRYPES shall be paid and discharged after consummation of such transaction shall be subject to adjustment as described above following the date of consummation of such transaction.

No adjustments will be made for certain other events, such as offerings of IMC Common Stock by IMC for cash or in connection with acquisitions. Likewise, no adjustments will be made for any sales of IMC Common Stock by GVI.

The Company is required, within ten Business Days following the occurrence of an event that requires an adjustment to the Payment Rate Formula (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), to provide written notice to the Trustee and to the holders of the STRYPES of the occurrence of such event and a statement in reasonable detail setting forth the adjusted Payment Rate Formula and the method by which the adjustment to the Payment Rate Formula was determined, provided that, in respect of any adjustment to the Maturity Price, such notice will only disclose the factor by which each of the Closing Prices used in determining the Maturity Price is to be multiplied in order to determine the Payment Rate on the Maturity Date. Until the Maturity Date, the Payment Rate itself cannot be determined.

FRACTIONAL SHARES

No fractional shares of IMC Common Stock will be delivered if the Company pays and discharges the STRYPES by delivering shares of IMC Common Stock. In lieu of any fractional share otherwise deliverable in respect of all STRYPES of any holder on the Maturity Date, such holder shall be entitled to receive an amount in cash equal to the value of such fractional share at the Maturity Price.

REDEMPTION, SINKING FUND AND PAYMENT PRIOR TO MATURITY

The STRYPES are not subject to redemption by the Company prior to the Maturity Date and do not contain sinking fund or other mandatory redemption provisions. The STRYPES are not subject to payment prior to the Maturity Date at the option of the holder.

RANKING

The STRYPES will be unsecured obligations and will rank "pari passu" with all other unsecured and unsubordinated indebtedness of the Company. At March 29, 1996, the Company had long-term borrowings outstanding of \$20,226 million. In addition, at March 29, 1996, there were \$526 million of bank loans and \$17,222 million of commercial paper outstanding.

The Company had no secured debt at March 29, 1996. At such date, collateralized financing transactions of the Company's subsidiaries consisted of \$3,768 million of cash deposits for securities loaned and \$61,657 million of securities sold under agreements to repurchase. See Note 4 to "Summary Financial Information" in the ML&Co. Prospectus.

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There are no contractual restrictions on the ability of the Company or its subsidiaries to incur additional secured or unsecured debt. However, borrowings by certain subsidiaries, including MLPF&S, are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies. See "Description of the STRYPES--Ranking" in the ML&Co. Prospectus.

PURCHASE CONTRACT

Pursuant to the Purchase Contract described under "Certain Arrangements with GVI," the Company will purchase from GVI immediately prior to the Maturity Date of the STRYPES a number of shares of IMC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to the Underwriter). In lieu of delivering shares of IMC Common Stock, GVI has the option, exercisable in its sole discretion, to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of IMC Common Stock at the Maturity Price. Such option, if exercised by GVI, must be exercised with respect to all of the shares of IMC Common Stock deliverable pursuant to the Purchase Contract.

LISTING

Application has been made to list the STRYPES on the NYSE.

CERTAIN ARRANGEMENTS WITH GVI

Pursuant to the Purchase Contract, the Company is obligated to purchase from GVI immediately prior to maturity of the STRYPES, at an aggregate purchase price equal to the total issue price for the STRYPES, less the total underwriting discount, plus an adjustment for an interest differential factor, a number of shares of IMC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to the Underwriter). In lieu of delivering shares of IMC Common Stock, GVI has the right to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of IMC Common Stock at the Maturity Price. Such right, if exercised by GVI, must be exercised with respect to all shares of IMC Common Stock deliverable pursuant to the Purchase Contract. The Company has agreed to pay and discharge the STRYPES by delivering to the holders thereof on the Maturity Date the form of consideration that it receives from GVI under the Purchase Contract. The Company has also agreed with GVI that, without the prior consent of GVI, it will not amend the Indenture to increase the consideration that GVI is obligated to deliver pursuant to the Purchase Contract.

Until such time, if any, as GVI shall have delivered shares of IMC Common Stock to the Company at maturity of the STRYPES pursuant to the terms of the Purchase Contract, GVI will retain all ownership rights with respect to the IMC Common Stock held by it (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

GVI has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration in determining whether to deliver shares of IMC Common Stock or cash or for any other reason. The Purchase Contract between the Company and GVI is a commercial transaction and does not create any rights in, or for the benefit of, any holder of STRYPES.

In the event GVI does not perform under the Purchase Contract, the Company will be required to otherwise acquire shares of IMC Common Stock for delivery to the holders of the STRYPES, unless it elects to exercise its option to deliver cash with an equal value.

For more information regarding the relationship between GVI and IMC and the IMC Common Stock (including the preferred stock purchase rights associated therewith) that may be delivered to the holders of STRYPES on the Maturity Date, see the IMC Prospectus which accompanies this Prospectus.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth in full below is the opinion of Brown & Wood, counsel to the Company, as to certain United States Federal income tax consequences of the purchase, ownership and disposition of the STRYPES. Such opinion is based upon laws, regulations, rulings and decisions now in effect (or, in the case of certain regulations, in proposed form), all of which are subject to change (including retroactive changes in effective dates) or possible differing interpretations. The discussion below deals only with STRYPES held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, tax-exempt entities, or persons holding STRYPES as a hedge against currency risks or as a position in a "straddle" for tax purposes. It also does not deal with holders of STRYPES other than original purchasers thereof (except where otherwise specifically noted herein). The following discussion also does not address the tax consequences of investing in the STRYPES arising under the laws of any state, local or foreign jurisdiction. Persons considering the purchase of the STRYPES should consult their own tax advisors concerning the application of the United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the STRYPES arising

under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a STRYPES that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate or trust the income of which is subject to United States Federal income taxation regardless of its source or (iv) any other person whose income or gain in respect of a STRYPES is effectively connected with the conduct of a United States trade or business. As used herein, the term "non-U.S. Holder" means a beneficial owner of a STRYPES that is not a U.S. Holder.

GENERAL

There are no statutory provisions, regulations (except possibly the Proposed Regulations as described below), published rulings or judicial decisions addressing or involving the characterization, for United States Federal income tax purposes, of the STRYPES or securities with terms substantially the same as the STRYPES. Accordingly, the proper United States Federal income tax characterization and treatment of the STRYPES is uncertain. Pursuant to the terms of the Indenture, the Company and any holder of a STRYPES agree to treat each STRYPES as a unit (a "Unit") consisting of (i) a debt instrument (the "Debt Instrument") with a fixed principal amount unconditionally payable on the Maturity Date equal to the issue price of the STRYPES and bearing interest at the stated interest rate on the STRYPES and (ii) a forward purchase contract (the "Forward Contract") pursuant to which the holder agrees to use the principal payment due on the Debt Instrument to purchase on the Maturity Date the IMC Common Stock which the Company is obligated to deliver at that time (subject to the Company's right to deliver cash in lieu of the IMC Common Stock). Therefore, the Company currently intends to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract for United States Federal income tax purposes and, where required, intends to file information returns with the Internal Revenue Service ("IRS") in accordance with such treatment, in the absence of any change or clarification in the law, by regulation or otherwise, requiring a different characterization and treatment of the STRYPES for United States Federal income tax purposes. In the opinion of Brown & Wood, counsel to the Company, such characterization and tax treatment of the STRYPES, although not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties.

Prospective investors in the STRYPES should be aware, however, that no ruling is being requested from the IRS with respect to the STRYPES, the IRS is not bound by the characterization of each STRYPES by the Company and the holders thereof as a Unit consisting of the Debt Instrument and the Forward Contract, and the IRS could possibly assert a different position as to the proper United States Federal income tax characterization and treatment of the STRYPES. For instance, it is possible that the IRS could assert that

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each STRYPES should be treated entirely as a single debt instrument of the Company for United States Federal income tax purposes. Except where otherwise specifically provided herein, the following discussion of the principal United States Federal income tax consequences of the purchase, ownership and disposition of the STRYPES is based upon the assumption that each STRYPES will be characterized and treated as a Unit consisting of the Debt Instrument and the Forward Contract for United States Federal income tax purposes. As discussed in greater detail herein, if the STRYPES are not in fact ultimately characterized and treated as a Unit consisting of the Debt Instrument and the Forward Contract for United States Federal income tax purposes, then the United States Federal income tax treatment of the purchase, ownership and disposition of the STRYPES could significantly differ from the treatment discussed immediately below with the result that the timing and character of income, gain or loss recognized on a STRYPES could significantly differ from the timing and character of income, gain or loss recognized on a STRYPES had each STRYPES in fact been characterized and treated as a Unit consisting of the Debt Instrument and the Forward Contract for United States Federal income tax purposes.

U.S. HOLDERS

As previously discussed, pursuant to the terms of the Indenture, the Company and any holder of a STRYPES agree to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract. Consistent with this treatment of the STRYPES, pursuant to the terms of the Indenture, a U.S. Holder of a STRYPES will be required to include currently in income payments denominated as interest that are made with respect to a STRYPES in accordance with such U.S. Holder's regular method of tax accounting. Furthermore, pursuant to the agreement contained in the Indenture to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, any holder of a STRYPES agrees to allocate the purchase price paid by such holder to acquire the STRYPES between the two components of the Unit (i.e., the Debt Instrument and the Forward Contract) based upon their relative fair market values (as determined

on the purchase date). The portion of the total purchase price so allocated by the holder to each component of the Unit will generally constitute the holder's initial tax basis for each such component of the Unit. Accordingly, in the event that the fair market value of the Debt Instrument (as determined on the purchase date) exceeds the purchase price paid by the holder to acquire the STRYPES, the holder would be deemed to have acquired the Debt Instrument for an amount equal to the fair market value of the Debt Instrument (as determined on the purchase date) and would be deemed to have assumed the Forward Contract component of the STRYPES in exchange for a payment in an amount equal to the excess of the fair market value of the Debt Instrument (as determined on the purchase date) over the purchase price paid by the holder to acquire the STRYPES. In such event, such deemed payment received by the holder in respect of the Forward Contract should only be taken into account by the holder as an additional amount realized with respect to the Forward Contract on the earlier of the sale or other disposition of the STRYPES by the holder or the Maturity Date (which would either reduce the holder's tax basis in any IMC Common Stock received thereby or, if the STRYPES are paid in cash on the Maturity Date or sold prior to the Maturity Date, increase the amount of gain or decrease the amount of loss realized with respect to the Forward Contract). Pursuant to the terms of the Indenture, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and the holders agree to allocate \$ _____ of the entire initial purchase price of a STRYPES (i.e., the issue price of a STRYPES) to the Debt Instrument component and to allocate the remaining \$ _____ of the entire initial purchase price of a STRYPES to the Forward Contract component. Based upon the foregoing, pursuant to the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, a holder who acquires a STRYPES in connection with the original issuance thereof, will have agreed to treat such acquisition of the STRYPES by the holder as a purchase of the Debt Instrument by the holder for \$ _____ and the making of an initial payment by the holder with respect to the Forward Contract of \$ _____.

Under general principles of current United States Federal income tax law, payments of interest on a debt instrument (e.g., the Debt Instrument) generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular

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method of tax accounting). In addition, a debt instrument will be treated as having been issued with original issue discount for United States Federal income tax purposes to the extent that the stated redemption price at maturity of the debt instrument (generally the debt instrument's stated principal amount) exceeds the debt instrument's issue price, if such excess equals or exceeds a "de minimis" amount (generally 1/4 of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years to maturity from its issue date). Pursuant to the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, each such Debt Instrument component will be treated, for these purposes as having an issue price equal to \$ _____. Since the stated redemption price at maturity of each such Debt Instrument component (i.e., \$ _____) does not exceed its issue price (i.e., \$ _____) by an amount that is equal to or greater than \$ _____ (i.e., the applicable de minimis amount), the Debt Instrument component of each Unit will not be treated as having been issued with any original issue discount.

Under the foregoing principles and in accordance with the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, the quarterly interest payments payable with respect to the STRYPES at the stated interest rate of _____ % of the issue price of the STRYPES per annum (the "Interest Payments") generally will be taxable to a U.S. Holder as ordinary interest income on the respective dates that such Interest Payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). On the Maturity Date, pursuant to the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, a U.S. Holder will recognize capital gain or loss with respect to the Debt Instrument in an amount equal to the difference, if any, between the principal amount of the Debt Instrument (i.e., the issue price of the STRYPES) and such U.S. Holder's adjusted tax basis in the Debt Instrument. Such capital gain or loss will generally be long-term capital gain or loss if the STRYPES has been held by the U.S. Holder for more than one year as of the Maturity Date. In addition, pursuant to the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, on the Maturity Date, if the Company delivers IMC Common Stock upon payment of the STRYPES, a U.S. Holder will generally not realize any taxable gain or loss on the exchange, pursuant to the Forward Contract, of the principal amount of the Debt Instrument for the IMC Common Stock. However, a U.S. Holder will generally be required to recognize taxable gain or loss with respect to any cash received in lieu of fractional shares. The amount of such gain or loss recognized by a U.S. Holder will be equal to the difference, if any, between the amount of cash received by the U.S. Holder and the portion of the sum of the principal amount of the Debt Instrument and the U.S. Holder's tax basis in the Forward Contract that is allocable to the fractional shares. Any such taxable gain or loss will be treated as short-term capital gain or loss. A U.S. Holder will have an

initial tax basis in any IMC Common Stock received on the Maturity Date in an amount equal to the sum of the principal amount of the Debt Instrument and the U.S. Holder's tax basis in the Forward Contract less the portion of such sum that is allocable to any fractional shares (as described above) and will realize taxable gain or loss with respect to such IMC Common Stock received on the Maturity Date only upon the subsequent sale or disposition by the U.S. Holder of such IMC Common Stock. In addition, a U.S. Holder's holding period for any IMC Common Stock received by such U.S. Holder on the Maturity Date will begin on the day immediately following the Maturity Date and will not include the period during which the U.S. Holder held such STRYPES.

Alternatively, pursuant to the agreement to treat the STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, if the Company pays the STRYPES in cash on the Maturity Date, a U.S. Holder will recognize taxable gain or loss on the Maturity Date with respect to the Forward Contract (in addition to any gain or loss recognized with respect to the Debt Instrument as described above) in an amount equal to the difference, if any, between the total amount of cash received by such U.S. Holder on the Maturity Date and an amount equal to the sum of the principal amount of the Debt Instrument and the U.S. Holder's tax basis in the Forward Contract. It is uncertain whether such gain or loss would be treated as capital or ordinary gain or loss. If such gain or loss is properly treated as capital gain or loss, then such gain or loss will be treated as long-term capital gain or loss if the STRYPES has been held by the U.S. Holder for more than one year as of the Maturity Date. If such gain or loss is properly treated as ordinary gain or loss, it is possible that the deductibility of any loss recognized on the Maturity Date with respect to the Forward

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Contract by a U.S. Holder who is an individual could be subject to the limitations applicable to miscellaneous itemized deductions provided for under Section 67(a) of the Internal Revenue Code of 1986, as amended (the "Code"). In general, Section 67(a) of the Code provides that an individual may only deduct miscellaneous itemized deductions for a particular taxable year to the extent that the aggregate amount of the individual's miscellaneous itemized deductions for such taxable year exceed two percent of the individual's adjusted gross income for such taxable year (although, the miscellaneous itemized deductions allowable to high-income individuals are generally subject to further limitations). Prospective investors in the STRYPES are urged to consult their own tax advisors concerning the character of any gain or loss realized on the Maturity Date with respect to the Forward Contract in the event that the Company elects to pay the STRYPES in cash on the Maturity Date as well as the deductibility of any such loss.

Pursuant to the agreement to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, upon the sale or other disposition of a STRYPES prior to the Maturity Date, a U.S. Holder generally will be required to allocate the total amount realized by such U.S. Holder upon such sale or other disposition (other than amounts representing accrued and unpaid Interest Payments) between the two components of the Unit (i.e., the Debt Instrument and the Forward Contract) based upon their relative fair market values (as determined on the date of disposition). Accordingly, in the event that the fair market value of the Debt Instrument (as determined on the date of disposition) exceeds the actual amount realized by the U.S. Holder upon the sale or other disposition of a STRYPES prior to the Maturity Date, the U.S. Holder would be deemed to have sold the Debt Instrument for an amount equal to the fair market value of the Debt Instrument (as determined on the date of disposition) and would be deemed to have made a payment to the purchaser of the STRYPES in exchange for such purchaser's assumption of the Forward Contract in an amount equal to the excess of the fair market value of the Debt Instrument (as determined on the date of disposition) over the actual amount realized by the U.S. Holder upon such sale or disposition of the STRYPES. A U.S. Holder will generally be required to recognize taxable gain or loss with respect to each such component in an amount equal to the difference, if any, between (or, in some cases, the sum of) the amount realized (or paid) with respect to each such component upon the sale or disposition of the STRYPES (as determined in the manner described above) and the U.S. Holder's adjusted tax basis in each such component. Any such gain or loss will generally be treated as long-term capital gain or loss if the U.S. Holder has held the STRYPES for more than one year at the time of disposition.

As previously discussed, prospective investors in the STRYPES should be aware that the IRS is not bound by the characterization of the STRYPES by the Company and the holders thereof as a Unit consisting of the Debt Instrument and the Forward Contract, and the IRS could possibly assert a different position as to the proper United States Federal income tax characterization and treatment of the STRYPES. For instance, it is possible that the IRS could assert that each STRYPES should be treated entirely as a single debt instrument of the Company for United States Federal income tax purposes.

If the STRYPES were ultimately characterized and treated entirely as debt instruments of the Company for United States Federal income tax purposes, then the timing and character of income, gain or loss recognized on a STRYPES would differ from the timing and character of income, gain or loss recognized on a

STRYPES had each STRYPES in fact been characterized and treated for United States Federal income tax purposes as a Unit consisting of the Debt Instrument and the Forward Contract. If the STRYPES were ultimately characterized and treated entirely as indebtedness of the Company for United States Federal income tax purposes, under general principles of current United States Federal income tax law, the Interest Payments generally would be taxable to a U.S. Holder as ordinary interest income on the respective dates that such Interest Payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Under this same analysis and treatment of each STRYPES as a single debt instrument of the Company for United States Federal income tax purposes, under general principles of current United States Federal income tax law, if the fair market value (as determined on the Maturity Date) of the amount of IMC Common Stock or cash payable on the Maturity Date with respect to a STRYPES exceeds the issue price thereof, such excess could be treated as contingent interest and, if so treated, generally would be

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includible in income by a U.S. Holder as ordinary interest on the Maturity Date (regardless of the U.S. Holder's regular method of tax accounting). In addition, if the fair market value (as determined on the Maturity Date) of the amount of IMC Common Stock or cash payable on the Maturity Date with respect to a STRYPES exceeds the issue price thereof, then such STRYPES would be treated as having been retired on the Maturity Date in exchange for an amount equal to the issue price thereof. If, however, the fair market value (as determined on the Maturity Date) of the amount of IMC Common Stock or cash payable on the Maturity Date with respect to a STRYPES is equal to or less than the issue price thereof, then such STRYPES would be treated as having been retired on the Maturity Date in exchange for an amount equal to the fair market value (as determined on the Maturity Date) of the entire amount payable on the Maturity Date with respect to such STRYPES and no portion of the amount payable on the Maturity Date with respect to such STRYPES would be treated as contingent interest. A U.S. Holder's initial tax basis in any IMC Common Stock received by such U.S. Holder on the Maturity Date of a STRYPES would equal the fair market value (as determined on the Maturity Date) of the IMC Common Stock received by such U.S. Holder. Furthermore, a U.S. Holder's holding period for any IMC Common Stock received by such U.S. Holder on the Maturity Date of a STRYPES would begin on the day immediately following the Maturity Date and would not include the period during which the U.S. Holder held such STRYPES.

Moreover, under this analysis and treatment of each STRYPES as a single debt instrument of the Company for United States Federal income tax purposes, upon the sale, exchange or retirement of a STRYPES, a U.S. Holder generally would recognize taxable gain or loss in an amount equal to the difference, if any, between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid Interest Payments) and such U.S. Holder's adjusted tax basis in the STRYPES. A U.S. Holder's adjusted tax basis in a STRYPES generally would equal such U.S. Holder's initial investment in the STRYPES (as adjusted pursuant to the market discount and bond premium rules described below). Such gain or loss generally would be long-term capital gain or loss if the STRYPES were held by the U.S. Holder for more than one year (subject to the market discount rules, as discussed below). It is possible, however, that under this analysis and treatment of the STRYPES the IRS could assert that any amounts realized upon the sale or exchange of a STRYPES prior to the Maturity Date in excess of the STRYPES issue price constitutes ordinary interest income (subject to the bond premium rules, as discussed below). Nonetheless, if the STRYPES were ultimately characterized and treated entirely as indebtedness of the Company for United States Federal income tax purposes, although the matter is not free from doubt, in the opinion of Brown & Wood, counsel to the Company, under current law, any gain realized upon the sale or exchange of a STRYPES prior to the Maturity Date should be treated entirely as capital gain (subject to the market discount rules, as discussed below).

Prospective investors in the STRYPES should also be aware that on December 15, 1994, the Treasury Department issued proposed regulations (the "Proposed Regulations") concerning the proper United States Federal income tax treatment of contingent payment debt instruments. In the event that the STRYPES were characterized and treated entirely as debt instruments of the Company for United States Federal income tax purposes, the STRYPES would be treated as contingent payment debt instruments. The Proposed Regulations, however, are proposed to only be effective 60 days after the date on which the Proposed Regulations are published as final Treasury regulations. Accordingly, due to the proposed prospective effective date of the Proposed Regulations, if ultimately adopted in their current form, the Proposed Regulations would not apply to the STRYPES even if the STRYPES were characterized and treated entirely as debt instruments of the Company for United States Federal income tax purposes. Furthermore, proposed Treasury regulations are not binding upon either the IRS or taxpayers prior to becoming effective as temporary or final regulations. In general, if ultimately adopted in their current form, the Proposed Regulations would cause the timing and character of income, gain or loss reported on a contingent payment debt instrument to substantially differ from the timing and character of income, gain or loss reported on a contingent payment debt instrument under general principles of current United States Federal income tax law (as described immediately above). Prospective investors in the STRYPES are urged to consult their own tax advisers concerning the

effect, if any, of the Proposed Regulations on their investment in the STRYPES.

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Prospective investors in the STRYPES should also be aware that it is possible that the ultimate characterization and treatment of the STRYPES for United States Federal income tax purposes could differ from the possible characterizations and treatments described herein with the result that the ultimate United States Federal income tax treatment of the purchase, ownership and disposition of the STRYPES could significantly differ from any of the treatments described herein.

Despite the foregoing, as previously discussed, pursuant to the agreement contained in the Indenture to treat each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, the Company, where required, currently intends to file information returns with the IRS treating each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract for United States Federal income tax purposes (as described above), in the absence of any change or clarification in the law, by regulation or otherwise, requiring another characterization and treatment of the STRYPES for United States Federal income tax purposes.

MARKET DISCOUNT AND PREMIUM

In general, if a U.S. Holder purchases a debt instrument (e.g., the Debt Instrument component of a Unit) for an amount that is less than the principal amount thereof, the amount of the difference will be treated as "market discount," unless such difference is less than a specified "de minimis" amount (generally 1/4 of 1% of the debt instrument's stated principal amount multiplied by the number of complete years to maturity from the date the U.S. Holder purchased such debt instrument).

Under the market discount rules, a U.S. Holder will be required to treat any gain realized on the sale, exchange, retirement or other disposition of a debt instrument as ordinary income to the extent of the lesser of (i) the amount of such realized gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such debt instrument at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity of the debt instrument, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a debt instrument with market discount until the maturity of the debt instrument or its earlier disposition in a taxable transaction and certain nontaxable transactions, because a current deduction is only allowed to the extent that the interest expense exceeds an allocable portion of the market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest income for United States Federal income tax purposes and a U.S. Holder would increase its tax basis in a debt instrument by the amount of any such currently included market discount. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

In general, if a U.S. Holder purchases a debt instrument for an amount that is greater than the principal amount thereof, such U.S. Holder will be considered to have purchased the debt instrument with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the debt instrument and may offset ordinary interest otherwise required to be included in respect of the debt instrument during any taxable year by the amortized amount of such premium for such year (or, prior years, if such amortized premium for prior years has not yet offset interest) and would reduce its tax basis in the debt instrument by the amount of any such interest offset taken. Such election, if made, would apply to all debt instruments held by the U.S. Holder at the beginning of the taxable year to which such election applies and to all debt instruments acquired

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by the U.S. Holder thereafter. Such election would also be irrevocable once made, unless the U.S. Holder making such an election obtains the express written consent of the IRS to revoke such election.

MISCELLANEOUS TAX MATTERS

Special tax rules may apply to persons holding a STRYPES as part of a "synthetic security" or other integrated investment, or as part of a straddle, hedging transaction or other combination of offsetting positions. For instance, Section 1258 of the Code may possibly require certain U.S. Holders of the

STRYPES who enter into hedging transactions or offsetting positions with respect to the STRYPES to treat all or a portion of any gain realized on the STRYPES as ordinary income in instances where such gain may have otherwise been treated as capital gain. U.S. Holders hedging their positions with respect to the STRYPES or otherwise holding their STRYPES in a manner described above should consult their own tax advisors regarding the applicability of Section 1258 of the Code, or any other provision of the Code, to their investment in the STRYPES.

NON-U.S. HOLDERS

Based on the treatment of each STRYPES as a Unit consisting of the Debt Instrument and the Forward Contract, in the case of a non-U.S. Holder, payments made with respect to the STRYPES should not be subject to United States withholding tax, provided that such non-U.S. Holder complies with applicable certification requirements. Any capital gain realized upon the sale or other disposition of a STRYPES by a non-U.S. Holder will generally not be subject to United States Federal income tax if (i) such gain is not effectively connected with a United States trade or business of such non-U.S. Holder and (ii) in the case of an individual non-U.S. Holder, such individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition, or the gain is not attributable to a fixed place of business maintained by such individual in the United States and such individual does not have a "tax home" (as defined for United States Federal income tax purposes) in the United States.

As discussed above, alternative characterizations of the STRYPES for United States Federal income tax purposes are possible. Should an alternative characterization of the STRYPES, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the STRYPES to become subject to withholding tax, the Company will withhold tax at the statutory rate. Prospective non-U.S. Holders of the STRYPES should consult their own tax advisors in this regard.

BACKUP WITHHOLDING AND INFORMATION REPORTING

A beneficial owner of a STRYPES may be subject to information reporting and to backup withholding at a rate of 31 percent of certain amounts paid to the beneficial owner unless such beneficial owner provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the IRS.

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UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), and the Underwriter has agreed to purchase from the Company, 5,661,119 STRYPES. Under the terms and conditions of the Underwriting Agreement, the Underwriter is committed to take and pay for all of the STRYPES, if any are taken.

The Underwriter has advised the Company that it proposes initially to offer the STRYPES directly to the public at the public offering price set forth on the cover page of this Prospectus Supplement, and to certain dealers at such price less a concession not to exceed \$ per STRYPES. The Underwriter may allow, and such dealers may reallow, a discount not to exceed \$ per STRYPES to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Company has granted the Underwriter an option exercisable for 30 days after the date of this Prospectus Supplement to purchase up to an aggregate of 849,167 additional STRYPES at the public offering price set forth on the cover page of this Prospectus Supplement, less the underwriting discount. The Underwriter may exercise this option only to cover over-allotments, if any, made on the sale of the STRYPES offered hereby.

IMC and its directors and certain officers have agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or file a registration statement under the Securities Act with respect to, any shares of IMC Common Stock, securities convertible into, exchangeable for or repayable with such shares or rights or warrants to acquire such shares, for a period of 90 days after the date of this Prospectus Supplement without the prior written consent of the Underwriter, subject to certain exceptions. GVI has agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or cause to be filed a registration statement under the Securities Act with respect to, any shares of IMC Common Stock, securities convertible into, exchangeable for or repayable with such shares or rights or warrants to acquire such shares, for a period of 90 days after the date of this Prospectus

Supplement without the prior written consent of the Underwriter.

The underwriting of the STRYPES will conform to the requirements set forth in the applicable sections of Schedule E to the By-Laws of the National Association of Securities Dealers, Inc.

Application has been made to list the STRYPES on the NYSE.

The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act relating to this Prospectus Supplement and the ML&Co. Prospectus (including the documents incorporated by reference therein).

VALIDITY OF THE STRYPES

The validity of the STRYPES offered hereby will be passed upon for the Company and for the Underwriter by Brown & Wood, New York, New York.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A POST- +
+EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT RELATING TO THESE +
+SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE +
+SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE +
+TIME THE POST-EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT BECOMES +
+EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE +
+SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
+++++

SUBJECT TO COMPLETION, ISSUE DATE: MAY 30, 1996

PROSPECTUS

[LOGO]
MERRILL LYNCH & CO., INC.

STRYPES /SM/

PAYABLE WITH SHARES OF COMMON STOCK OR OTHER SECURITIES
OF THE UNDERLYING ISSUER
(OR CASH WITH AN EQUAL VALUE)

Merrill Lynch & Co., Inc. (the "Company") intends to sell from time to time its Structured Yield Product Exchangeable for Stock SM, STRYPES SM. The STRYPES will be offered to the public in series and on terms determined by market conditions at the time of sale and set forth in the accompanying prospectus supplement (the "Prospectus Supplement"). The STRYPES will be unsecured obligations of the Company ranking "pari passu" with all of its other unsecured and unsubordinated indebtedness. See "Description of the STRYPES--Ranking."

On the maturity date of each series of STRYPES (the "Maturity Date"), the Company will pay and discharge such STRYPES by delivering to the holder thereof a number of shares of common stock or other securities (the "Underlying Securities") of the unaffiliated corporation identified in the Prospectus Supplement (the "Underlying Issuer") determined in accordance with a payment rate formula specified in the Prospectus Supplement (subject to the Company's right to deliver, with respect to all, but not less than all, STRYPES of such series, cash with an equal value). THERE CAN BE NO ASSURANCE THAT THE VALUE OF THE UNDERLYING SECURITIES (OR CASH) PAYABLE TO HOLDERS OF A SERIES OF STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF SUCH STRYPES. IF THE VALUE OF THE UNDERLYING SECURITIES (OR CASH) RECEIVED ON THE MATURITY DATE OF A SERIES OF STRYPES IS LESS THAN THE ISSUE PRICE PAID FOR SUCH STRYPES, AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. SEE "DESCRIPTION OF THE STRYPES."

Each series of STRYPES may vary, where applicable, as to aggregate issue price, Maturity Date, Underlying Issuer, Underlying Securities deliverable upon maturity, formula or other method by which the amount of such Underlying Securities will be determined, public offering or purchase price, interest rate or rates, if any, and timing of payments thereof, provision for redemption, currencies of denomination or currencies otherwise applicable thereto and any other variable terms and method of distribution. The accompanying Prospectus Supplement sets forth the specific terms with regard to the series of STRYPES in respect of which this Prospectus is being delivered.

Reference is made to any accompanying prospectus of the Underlying Issuer covering the Underlying Securities which may be received by holders of a series of STRYPES on the Maturity Date.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The STRYPES may be sold through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). STRYPES may not be sold without delivery of a Prospectus Supplement describing such issue of STRYPES and the method and terms of offering thereof, and any accompanying prospectus of the Underlying Issuer covering the Underlying Securities which may be received by holders of a series of STRYPES on the Maturity Date.

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/SM/ Service mark of Merrill Lynch & Co., Inc.

The date of this Prospectus is , 1996.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy and information statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and Northeast Regional Office, Seven World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Reports, proxy and information statements and other information concerning the Company may also be inspected at the offices of the New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific Stock Exchange.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 29, 1995, Quarterly Report on Form 10-Q for the period ended March 29, 1996, and Current Reports on Form 8-K dated January 17, 1996, January 22, 1996, February 7, 1996, February 29, 1996, March 1, 1996, March 12, 1996, March 18, 1996, April 1, 1996, April 15, 1996, May 1, 1996, May 13, 1996, and May 15, 1996 filed pursuant to Section 13 of the Exchange Act, are hereby incorporated by reference into this Prospectus.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the STRYPES shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON WRITTEN OR ORAL REQUEST OF SUCH PERSON, A COPY (WITHOUT EXHIBITS OTHER THAN EXHIBITS SPECIFICALLY INCORPORATED BY REFERENCE) OF ANY OR ALL DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO MR. GREGORY T. RUSSO, SECRETARY, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW YORK 10080-6512; TELEPHONE NUMBER (212) 602-8435.

THE COMMISSIONER OF INSURANCE OF THE STATE OF NORTH CAROLINA HAS NOT APPROVED OR DISAPPROVED THE OFFERING OF THE SECURITIES MADE HEREBY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

| | | | | | | | |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| taxes and cumulative effect of changes in accounting principles(1)..... | \$ 1,017 | \$ 1,621 | \$ 2,425 | \$ 1,730 | \$ 1,811 | \$ 380 | \$ 671 |
| Cumulative effect of changes in accounting principles (net of applicable income taxes) (1)..... | -- | \$ (58) | \$ (35) | -- | -- | -- | -- |
| Net earnings(1)..... | \$ 696 | \$ 894 | \$ 1,359 | \$ 1,017 | \$ 1,114 | \$ 228 | \$ 409 |
| Ratio of earnings to fixed charges(2)..... | 1.2 | 1.3 | 1.4 | 1.2 | 1.2 | 1.1 | 1.2 |
| Total assets(3)..... | \$86,259 | \$107,024 | \$152,910 | \$163,749 | \$176,857 | \$176,733 | \$195,884 |
| Long-term borrowings(4)..... | \$ 7,964 | \$ 10,871 | \$ 13,469 | \$ 14,863 | \$ 17,340 | \$ 14,485 | \$ 20,226 |
| Stockholders' equity.... | \$ 3,818 | \$ 4,569 | \$ 5,486 | \$ 5,818 | \$ 6,141 | \$ 5,704 | \$ 6,364 |

</TABLE>

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- (1) Net earnings for 1992 have been reduced by \$58 million to reflect the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions", and SFAS No. 109, "Accounting for Income Taxes". Net earnings for 1993 were reduced by \$35 million to reflect the adoption of SFAS No. 112, "Employers' Accounting for Postemployment Benefits".
- (2) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consists of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consists of interest costs, amortization of debt expense, preferred stock dividend requirements of majority-owned subsidiaries, and that portion of rentals estimated to be representative of the interest factor.
- (3) In 1994, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts", and FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements", which increased assets and liabilities at December 30, 1994 by approximately \$8,500 million.
- (4) To finance its diverse activities, the Company and certain of its subsidiaries borrow substantial amounts of short-term funds on a regular basis. Although the amount of short-term borrowings varies significantly with the level of general business activity, on March 29, 1996, \$526 million of bank loans and \$17,222 million of commercial paper were outstanding. In addition, certain of the Company's subsidiaries lend securities and enter into repurchase agreements to obtain financing. At March 29, 1996, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$3,768 million and \$61,657 million, respectively. From March 30, 1996 to May 24, 1996, long-term borrowings, net of repayments and repurchases, increased by approximately \$604 million.

FISCAL YEAR 1995

Global financial markets, which steadily weakened during most of 1994, generally improved during 1995, led by a more stable U.S. economy, declining interest rates, and heightened investor activity. Inflationary fears eased throughout 1995 as key U.S. economic statistics indicated slow to moderate growth. The Federal Reserve decreased short-term interest rates in July and December 1995 following seven rate increases between February 1994 and February 1995. Investors reacted favorably to these events and were more active in stock and bond markets during 1995. Net earnings for the 1995 fourth quarter were \$303 million, up 1% from the 1995 third quarter and up 88% from the 1994 fourth quarter.

Net earnings for 1995 were \$1,114 million, up 10% from 1994 net earnings of \$1,017 million. Earnings per common share were \$5.44 primary and \$5.42 fully diluted in 1995, compared with \$4.75 primary and \$4.74 fully diluted in 1994.

Total revenues were a record \$21,513 million, up 18% from 1994. Net revenues (revenues after interest expense) totaled \$10,265 million in 1995, up 7% from 1994.

Commission revenues increased 9% to a record \$3,126 million from \$2,871 million in 1994, due primarily to higher levels of listed and over-the-counter securities transactions and mutual fund commissions, partially offset by lower revenues from commodities. Commissions from listed and over-the-counter securities increased due primarily to higher trading volumes on most major U.S. and international exchanges. Mutual fund commissions increased due primarily to higher distribution and redemption fees. Distribution fees from deferred-charge funds increased due to strong fund sales in prior periods and higher asset levels. Redemption fees increased as clients repositioned invested assets.

Interest and dividend revenues increased 28% to \$12,221 million from \$9,578 million in 1994. Interest expense, which includes dividend expense, increased 31% from 1994 to \$11,248 million. Net interest and dividend profit was \$973 million, virtually unchanged from \$969 million in 1994, with increases in net interest-earning assets offset by declining interest spreads due to the

flattening of the U.S. Treasury yield curve. The change in the yield curve resulted from long-term interest rates falling more than short-term rates during 1995.

Principal transactions revenues increased 8% from 1994 to \$2,519 million in 1995. Increases in equities and equity derivatives and taxable fixed-income trading revenues were partially offset by decreases in trading revenues from municipal securities, foreign exchange and commodities, and interest rate and currency swaps. Equities and equity derivatives trading revenues, in the aggregate, increased 46% to \$912 million, due primarily to improved volumes in the convertible, over-the-counter, and international equities markets, partially offset by lower equity derivatives trading revenues. Taxable fixed-income trading revenues increased 10% to \$516 million due, in part, to higher revenues from corporate bonds and preferred stock, high-yield bonds, and non-U.S. governments and agencies securities. Trading revenues from mortgage-backed products were negatively affected by reduced market liquidity, leading to a loss. Nevertheless, trading results from mortgage-backed products, which include related net interest revenues, were positive. U.S. Government and agencies securities trading revenues were down from 1994 due to tighter spreads between U.S. Treasury securities and related futures hedges, as well as reduced retail investor demand attributable to lower interest rates. Municipal securities revenues decreased 28% to \$273 million as a result of decreased investor demand for tax-exempt investments as investors remained wary of potential tax law changes and sought higher returns in equity and taxable fixed-income securities. Foreign exchange and commodities revenues, in the aggregate, declined 22% to \$86 million. Commodities trading revenues decreased due to lower volumes. Increases in foreign exchange trading revenues resulted from higher customer volume caused by the strengthening of the U.S. dollar versus other major currencies during 1995. Interest rate and currency swaps revenues declined 2% to \$732 million. Decreases in U.S. dollar-denominated transactions were substantially offset by increased revenues in non-dollar-denominated transactions, particularly in Japanese and European markets.

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Investment banking revenues were \$1,308 million, up 5% from \$1,240 million in 1994. Strategic services revenues, which include fees for merger and acquisition activity, debt restructuring, and other advisory services, increased, as companies worldwide sought strategic partners to promote growth while cutting costs and increasing efficiencies. Underwriting revenues were down, as lower revenues from equities, private placements, high-yield debt, and mortgage-backed securities underwriting were partially offset by increased underwriting revenues from corporate bonds and preferred stock and defined asset funds.

Asset management and portfolio service fees rose 9% in 1995 to a record \$1,890 million from \$1,739 million in 1994, as a result of higher fees earned from asset management and other fee-based services. Other revenues decreased 5% from 1994 to \$449 million, due to lower net realized investment gains in 1995 compared with 1994.

Non-interest expenses were \$8,454 million, up 7% from \$7,895 million in the year-ago period. Compensation and benefits expense, which represented approximately 62% of non-interest expenses, increased 6% due primarily to increased production-related and incentive compensation and the addition of Smith New Court PLC ("Smith New Court") employees. Compensation and benefits expense as a percentage of net revenues was 51.3% in 1995, compared with 51.5% in 1994.

Occupancy costs increased 3% from 1994 primarily due to international growth. Other facilities-related costs, which include communications and equipment rental expense and depreciation and amortization expenses, rose 13% primarily due to expanded use of market data services, as well as higher depreciation expense from the purchase of technology-related assets over the past year.

Professional fees increased 16% from the year-ago period, due to higher legal fees and systems development costs related to upgrading technology and processing capabilities in customer, trading, and transaction processing systems. Advertising and market development expenses increased 6% from 1994 as a result of increased advertising, international travel, and sales promotion primarily related to international growth. Brokerage, clearing, and exchange fees increased 7% as a result of higher securities volume, particularly in international markets. Other expenses increased 4% from 1994, due primarily to a \$26 million first quarter charge for the write-off of assets related to a technology contract and \$14 million of goodwill amortization related to Smith New Court.

Income tax expense totaled \$697 million in 1995. The effective tax rate in 1995 was 38.5%, compared with 41.2% in 1994. The decrease in the effective tax rate was attributable to lower state income taxes, expanded international business activities in jurisdictions with lower tax rates, and increases in deductions for dividends received.

In 1995 the Company acquired Smith New Court, a U.K.-based global securities firm, for approximately \$800 million. The Company recorded approximately \$530

million of goodwill related to the acquisition, which is being amortized on a straight-line basis over 15 years. The Company's 1995 results include those of Smith New Court since mid-August 1995.

CERTAIN BALANCE SHEET INFORMATION AS OF DECEMBER 29, 1995

The Company believes that its equity base is adequate relative to the level and composition of its assets and the mix of its business.

In the normal course of business, the Company underwrites, trades, and holds non-investment grade securities in connection with its investment banking, market-making, and derivative structuring activities. These activities are subject to risks related to the creditworthiness of the issuers of, and the liquidity of the market for, such securities, in addition to the usual risks associated with investing in, financing, underwriting, and trading in investment grade instruments.

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At December 29, 1995, the fair value of long and short non-investment grade trading inventories amounted to \$5,489 million and \$353 million, respectively, and in the aggregate (i.e. the sum of long and short trading inventories) represented 6.3% of aggregate consolidated trading inventories.

At December 29, 1995, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$489 million (excluding unutilized revolving lines of credit and other lending commitments of \$127 million), consisting primarily of senior term and subordinated financings to 30 medium-sized corporations. At December 29, 1995, the Company had no bridge loans outstanding. Loans to highly leveraged corporations are carried at unpaid principal balances less a reserve for estimated losses. The allowance for loan losses is estimated based on a review of each loan, and consideration of economic, market, and credit conditions. Direct equity investments made in conjunction with the Company's investment and merchant banking activities aggregated \$211 million at December 29, 1995, representing investments in 62 enterprises. Equity investments in privately-held companies for which sale is restricted by government or contractual requirements are carried at the lower of cost or estimated net realizable value. At December 29, 1995, the Company held interests in partnerships, totaling \$91 million (recorded on the cost basis), that invest in highly leveraged transactions and non-investment grade securities. At December 29, 1995, the Company also committed to invest an additional \$79 million in partnerships that invest in leveraged transactions.

The Company's insurance subsidiaries hold non-investment grade securities. Non-investment grade securities were 4.2% of total insurance investments at December 29, 1995. Non-investment grade securities of insurance subsidiaries are classified as available-for-sale and are carried at fair value.

At December 29, 1995, the largest non-investment grade concentration consisted of various issues of a South American sovereign totaling \$674 million, of which \$672 million represented on-balance-sheet hedges for off-balance-sheet financial instruments. No one industry sector accounted for more than 35% of total non-investment grade positions. At December 29, 1995, the Company held an aggregate carrying value of \$164 million in debt and equity securities of issuers in various stages of bankruptcy proceedings or in default, of which 75% resulted from the Company's market-making activities in such securities.

FIRST QUARTER 1996

Global financial markets were generally strong during 1995, led by a stable U.S. economy, declining interest rates, and heightened investor activity. Market expectations for additional declines in interest rates continued through February 1996, fueling further market advances, strong investor and issuer activity, higher fee-based revenues, and improved trading profits industrywide. In March 1996, inflationary fears were stirred by the release of U.S. economic statistics indicating stronger than anticipated growth and the Federal Reserve's decision to hold short-term interest rates at current levels. This led to increases in long-term interest rates and greater market volatility, although interest rates remained low relative to the year-ago period.

Net earnings for the 1996 first quarter were a record \$409 million, up 80% from 1995 first quarter net earnings of \$228 million. Earnings per common share were \$2.03 primary and fully diluted in the 1996 first quarter, compared with \$1.08 primary and fully diluted in the 1995 first quarter. Total revenues were a record \$6,019 million in the first quarter of 1996, up 16% from the 1995 first quarter. Net revenues (revenues after interest expense) totaled \$3,261 million in the first quarter of 1996, up 35% from the 1995 first quarter.

Commissions revenues rose 44% to a record \$989 million from \$685 million in the 1995 first quarter. Commissions revenues from listed and over-the-counter securities increased to record levels due to higher trading volumes on most major U.S. and international exchanges. Mutual fund commissions advanced to

record levels due to strong sales of both domestic and offshore funds.

Interest and dividend revenues decreased to \$3,010 million from \$3,030 million in the 1995 first quarter. Interest expense, which includes dividend expense, decreased to \$2,758 million from \$2,783 million in the year-ago quarter. Net interest and dividend profit was \$252 million, up slightly from \$247 million in 1995, with increases in net interest-earning assets substantially offset by the effect of lower interest rates.

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Principal transactions revenues increased 46% from the 1995 first quarter to a record \$982 million, as higher investor activity and market volatility led to increases in virtually all trading products. Equities and equity derivatives trading revenues, in the aggregate, were up 109% to \$347 million. Trading revenues from most equity products increased, due primarily to higher trading volume and rising stock prices. International equities trading revenues, in particular, benefited from the addition of Smith New Court trading activity. Taxable fixed-income trading revenues rose 62% to \$265 million due primarily to higher revenues from non-U.S. governments and agencies, mortgage-backed securities, and high-yield bonds. Non-U.S. governments and agencies trading revenues advanced due to improved results from trading of Japanese Government Bonds, as well as increased trading volume in certain Latin American emerging markets as credit ratings improved and investors sought higher returns. Mortgage-backed securities trading revenues increased due primarily to improved liquidity and increased customer demand compared with the year-ago period. Trading revenues from high-yield bonds were up due to lower interest rates and improved credit ratings of certain issuers. Interest rate and currency swap trading revenues increased 9% to \$255 million due to higher trading revenues from non-U.S. dollar-denominated transactions, partially offset by decreases in revenues from U.S. dollar-denominated transactions. Foreign exchange and commodities trading revenues, in the aggregate, rose 94% from the 1995 first quarter to \$40 million, as foreign exchange trading revenues continued to benefit from the strengthening of the U.S. dollar versus other major currencies. Municipal securities trading revenues declined 17% to \$75 million, primarily due to continued weak investor demand for tax-exempt investments.

Investment banking revenues were \$378 million, up 52% from \$249 million in the 1995 first quarter. Underwriting revenues increased 82%, benefiting from strong levels of debt and equity underwriting industrywide, with higher fees from convertibles, corporate bonds and preferred stock, equities, and high-yield securities. Strategic services revenues were down slightly from a year ago, but remained comparable to record 1995 levels, benefiting from continued strong merger and acquisition activity.

Asset management and portfolio service fees rose 20% in 1996 to a record \$538 million from \$448 million in the first quarter of 1995, primarily as a result of strong inflows of client assets. Other revenues were \$122 million, up 4% from \$117 million reported in the 1995 first quarter.

Non-interest expenses were \$2,590 million, up 27% from \$2,041 million in the year-ago period. Compensation and benefits expense, which represented approximately 65% of non-interest expenses, increased 33% due primarily to higher incentive and production-related compensation as well as a 6% increase in the number of full-time employees, largely due to acquisitions. Compensation and benefits expense as a percentage of net revenues was 51.8% in the first quarter of 1996, compared with 52.5% in the 1995 first quarter.

Occupancy costs increased 5% from the 1995 first quarter primarily due to international growth. Other facilities-related costs, which include communications and equipment rental expense and depreciation and amortization expense, rose 16% primarily due to higher levels of business activity and increased use of market data services, as well as higher depreciation expense from the purchase of technology-related assets over the past year.

Professional fees increased 32% from the year ago period, primarily as a result of higher systems development costs related to upgrading technology and processing capabilities. Advertising and market development expenses increased 33% from the 1995 first quarter. Increased international travel and higher advertising and client promotion costs contributed to this advance. Brokerage, clearing, and exchange fees rose 27% as a result of higher trading volume, particularly in international markets. Other expenses increased 4% from 1995, primarily due to goodwill amortization related to Smith New Court.

Income tax expense totaled \$262 million in the 1996 first quarter. The effective tax rate in the 1996 first quarter was 39.0%, compared with 40.0% in the first quarter of 1995. The decrease in the effective tax rate was primarily attributable to increases in dividends qualifying for the Federal dividends received deduction, lower state taxes, and expanded international business activities.

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The Company believes that its equity base is adequate relative to the level and composition of its assets and the mix of its business.

In the normal course of business, the Company underwrites, trades, and holds non-investment grade securities in connection with its investment banking, market making, and derivative structuring activities. These activities are subject to additional risks related to the creditworthiness of the issuers and the liquidity of the market for such securities.

At March 29, 1996, the fair value of long and short non-investment grade trading inventories amounted to \$6,026 million and \$529 million, respectively, and in the aggregate (i.e., the sum of long and short trading inventories) represented 6.6% of aggregate consolidated trading inventories.

At March 29, 1996, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$517 million (excluding unutilized revolving lines of credit and other lending commitments of \$75 million), consisting primarily of senior term and subordinated financings to 34 medium-sized corporations. In addition, at March 29, 1996, the Company had an outstanding bridge loan of \$90 million, and as of May 6, 1996, the Company had an outstanding bridge loan commitment for \$100 million. Direct equity investments made in conjunction with the Company's investment and merchant banking activities aggregated \$189 million at March 29, 1996, representing investments in 62 enterprises. At March 29, 1996, the Company held interests in partnerships, totaling \$82 million, that invest in highly leveraged transactions and non-investment grade securities. At March 29, 1996, the Company also committed to invest an additional \$83 million in partnerships that invest in leveraged transactions.

The Company's insurance subsidiaries hold non-investment grade securities. Non-investment grade securities were 4.7% of total insurance investments at March 29, 1996. Non-investment grade securities of insurance subsidiaries are classified as available-for-sale and are carried at fair value.

At March 29, 1996, the largest non-investment grade concentration consisted of various issues of a South American sovereign totaling \$764 million, which primarily represented on-balance-sheet hedges for off-balance-sheet financial instruments. No one industry sector accounted for more than 31% of total non-investment grade positions. At March 29, 1996, the Company held an aggregate carrying value of \$169 million in debt and equity securities of issuers in various stages of bankruptcy proceedings or in default, of which 80% resulted from the Company's market-making activities in such securities.

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DESCRIPTION OF THE STRYPES

Each issue of STRYPES will be a series of Senior Debt Securities to be issued under an indenture (the "Chemical Indenture"), dated as of April 1, 1983, as amended and restated, between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee (the "Trustee"), as further amended and supplemented by a supplemental indenture to be entered into by the Company and the Trustee relating to each series of STRYPES (the "Supplemental Indenture") (the Chemical Indenture, as so amended and supplemented by the Supplemental Indenture with respect to each series of STRYPES, the "Indenture"). The following summary of certain provisions of the Indenture does not purport to be complete and is qualified in its entirety by reference to the Indenture. All capitalized terms not otherwise defined herein have the meanings specified in the Indenture. Whenever defined terms of the Indenture are referred to herein, such defined terms are incorporated by reference herein.

GENERAL

The Supplemental Indenture will provide that STRYPES of the related series may be issued from time to time under the Indenture, up to a specified aggregate issue price, upon satisfaction of certain conditions precedent. The Supplemental Indenture will establish the terms of the related series of STRYPES, including: (1) the issue price per STRYPES; (2) the date on which such STRYPES will mature; (3) the consideration deliverable or payable with respect to such STRYPES, whether at maturity or upon earlier acceleration, and the formula or other method by which the amount of such consideration will be determined; (4) the rate or rates per annum (which may be fixed or variable) at which such STRYPES will bear interest, if any; (5) the dates on which such interest, if any, will be payable; (6) the provisions for redemption of such STRYPES, if any, the redemption price and any remarketing arrangements relating thereto; (7) the sinking fund requirements, if any, with respect to such STRYPES; (8) whether such STRYPES are denominated or provide for payment in United States dollars or a foreign currency or units of two or more of such foreign currencies; (9) whether and under what circumstances the Company will pay additional amounts ("Additional Amounts") in respect of such STRYPES held by a person who is not a U.S. person (as defined in the Prospectus Supplement, as applicable) in respect of specified taxes, assessments or other governmental charges and whether the Company has the option to redeem the affected STRYPES rather than pay such Additional Amounts; (10) the title of the STRYPES and the

series of which such STRYPES shall be a part; and (11) the obligation of the Company to pay and discharge such STRYPES at maturity by delivery of Underlying Securities (or, cash with an equal value), the formula or other method by which the amount of such Underlying Securities will be determined, and the terms and conditions upon which such payment and discharge shall be effected. Reference is made to the Prospectus Supplement for the terms of the STRYPES being offered thereby.

Under the Indenture, the Company will have the ability, in addition to the ability to issue STRYPES with terms different from those of STRYPES previously issued, to "reopen" a previous series of STRYPES and issue additional STRYPES of such series.

Issue price and interest, premium and Additional Amounts, if any, and Underlying Securities will be payable or deliverable in the manner, at the places and subject to the restrictions set forth in the Indenture, the STRYPES and the Prospectus Supplement relating thereto, provided that payment of any interest and any Additional Amounts may be made at the option of the Company by check mailed to the holders of registered STRYPES at their registered addresses.

STRYPES may be presented for exchange, and registered STRYPES may be presented for transfer, in the manner, at the places and subject to the restrictions set forth in the Indenture, the STRYPES and the Prospectus Supplement relating thereto. No service charge will be made for any transfer or exchange of STRYPES, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

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RANKING

The STRYPES will be unsecured obligations and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the holders of the STRYPES), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

SECURITIES DEPOSITORY

Upon issuance, each series of STRYPES will be represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note will be deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), and registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for STRYPES in definitive form under the limited circumstances described below, no Global Note may be transferred except as a whole by the Securities Depository to a nominee of such Securities Depository or by a nominee of such Securities Depository to such Securities Depository or another nominee of such Securities Depository or by such Securities Depository or any such nominee to a successor of such Securities Depository or a nominee of such successor.

The Securities Depository has advised the Company as follows: The Securities Depository is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. The Securities Depository was created to hold securities of its participants ("Participants") and to facilitate the clearance and settlement of securities transactions among its Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. The Securities Depository's Participants include securities brokers and dealers (including MLPF&S), banks, trust companies, clearing corporations, and certain other organizations.

The Securities Depository is owned by a number of Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the Securities Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants").

Purchases of STRYPES must be made by or through Participants, which will receive a credit on the records of the Securities Depository. The ownership interest of each actual purchaser of each STRYPES ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmations from the Securities

Depository of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Ownership of beneficial interest in such Global Note will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by the Securities Depository (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons held through Participants). The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in Global Notes.

"So long as the Securities Depository, or its nominee, is the registered owner of a Global Note, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or holder of the STRYPES"

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"represented by such Global Note for all purposes under the Indenture. Except as provided below, Beneficial Owners in a Global Note will not be entitled to have the STRYPES represented by such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of the STRYPES in definitive form and will not be considered the owners or holders thereof under the Indenture. Accordingly, each Person owning a beneficial interest in a Global Note must rely on the procedures of the Securities Depository and, if such Person is not a Participant, on the procedures of the Participant through which such Person owns its interest, to exercise any rights of a holder under the Indenture". The Company understands that under existing industry practices, in the event that the Company requests any action of holders or that an owner of a beneficial interest in such a Global Note desires to give or take any action which a holder is entitled to give or take under the Indenture, the Securities Depository would authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize Beneficial Owners owning through such Participants to give or take such action or would otherwise act upon the instructions of Beneficial Owners. Conveyance of notices and other communications by the Securities Depository to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of any amount with respect to STRYPES registered in the name of the Securities Depository or its nominee will be made to the Securities Depository or its nominee, as the case may be, as the holder of the Global Notes representing such STRYPES. None of the Company, the Trustee or any other agent of the Company or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests or for supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that the Securities Depository, upon receipt of any payment in respect of a Global Note, will credit the accounts of the Participants with payment in amounts proportionate to their respective holdings of beneficial interest in such Global Note as shown on the records of the Securities Depository. The Company also expects that payments by Participants to Beneficial Owners will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants.

If, with respect to a series of STRYPES, (x) the Securities Depository is at any time unwilling or unable to continue as Securities Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Notes shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. Such definitive STRYPES shall be registered in such name or names as the Securities Depository shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Securities Depository from Participants with respect to ownership of beneficial interests in such Global Notes.

MERGER AND CONSOLIDATION

The Company may consolidate or merge with or into any other corporation, and the Company may sell, lease or convey all or substantially all of its assets to any corporation, provided that (i) the corporation (if other than the Company) formed by or resulting from any such consolidation or merger or which shall have received such assets shall be a corporation organized and existing under the laws of the United States of America or a state thereof and shall assume the due and punctual delivery or payment of the Underlying Securities (or cash with an equal value) in respect of, any interest and Additional Amounts on, and any other amounts payable with respect to, the STRYPES of each series and the due and punctual performance and observance of all of the covenants and

conditions of the Indenture to be performed or observed by the Company, and (ii) the Company or such successor corporation, as the case may be, shall not immediately thereafter be in default under the Indenture.

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LIMITATIONS UPON LIENS

The Indenture provides that the Company may not, and may not permit any Subsidiary (defined in the Indenture as any corporation of which at the time of determination the Company and/or one or more Subsidiaries owns or controls directly or indirectly 50% of the shares of Voting Stock of such corporation) to, create, assume, incur or permit to exist any indebtedness for borrowed money secured by a pledge, lien or other encumbrance (except for certain liens specifically permitted by the Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding STRYPES will be secured equally and ratably with such secured indebtedness.

LIMITATIONS ON DISPOSITION OF VOTING STOCK OF, AND MERGER AND SALE OF ASSETS BY, MLPF&S

The Indenture provides that the Company may not sell, transfer or otherwise dispose of any Voting Stock of MLPF&S or permit MLPF&S to issue, sell or otherwise dispose of any of its Voting Stock, unless, after giving effect to any such transaction, MLPF&S remains a Controlled Subsidiary (defined in the Indenture to mean a corporation more than 80% of the outstanding shares of Voting Stock of which are owned directly or indirectly by the Company). In addition, the Indenture provides that the Company may not permit MLPF&S to (i) merge or consolidate, unless the surviving company is a Controlled Subsidiary, or (ii) convey or transfer its properties and assets substantially as an entirety, except to one or more Controlled Subsidiaries.

EVENTS OF DEFAULT

Unless otherwise specified in a Prospectus Supplement, each of the following will constitute an Event of Default under the Indenture with respect to each series of STRYPES: (a) failure to pay and discharge the STRYPES of that series with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES of that series when due; (c) failure to deposit any sinking fund payment, when and as due by the terms of any STRYPES of that series; (d) failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of that series or in the STRYPES of that series, continued for 60 days after written notice has been given to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 10% of the aggregate issue price of the Outstanding STRYPES of that series, as provided in the Indenture; (f) certain events in bankruptcy, insolvency or reorganization of the Company; and (g) any other Event of Default provided with respect to STRYPES of that series.

Unless otherwise specified in a Prospectus Supplement, if an Event of Default (other than an Event of Default described in clause (f) of the immediately preceding paragraph) with respect to the STRYPES of any series shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES of that series by notice as provided in the Indenture may declare an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, will become immediately due and payable in cash without any declaration or other action on the part of the Trustee or any holder. After such acceleration, but before a judgment or decree based on acceleration, the holders of a majority of the aggregate issue price of the Outstanding STRYPES of that series may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of the amount equal to the aggregate issue price of all the STRYPES of that series due by reason of such acceleration, have been cured or waived as provided in the Indenture. See "Modification and Waiver" below.

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Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of STRYPES of any series, unless such holders of that series shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Subject to such provisions for the indemnification of the Trustee, the holders

of a majority of the aggregate issue price of the STRYPES of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the STRYPES of that series.

The Company will be required to furnish to the Trustee annually a statement by certain of its officers as to whether or not the Company, to their knowledge, is in default in the fulfillment of any of its obligations under the Indenture and, if so, specifying all such known defaults.

The STRYPES and other series of Senior Debt Securities issued under the Indenture will not have the benefit of any cross-default provisions with other indebtedness of the Company.

MODIFICATION AND WAIVER

Unless otherwise specified in a Prospectus Supplement, modifications of and amendments to the Indenture affecting a series of STRYPES may be made by the Company and the Trustee with the consent of the holders of 66 2/3% of the aggregate issue price of the Outstanding STRYPES of such series; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES of such series affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest or Additional Amounts on any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price, (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof, (d) change the place or currency of payment of interest or Additional Amounts on, or any amount of cash payable with respect to, any STRYPES, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of Underlying Securities with respect to any STRYPES, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series, the consent of whose holders is required to modify or amend the Indenture, (g) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

The holders of a majority of the aggregate issue price of each series of STRYPES may waive compliance by the Company with certain restrictive provisions of the Indenture. The holders of a majority of the aggregate issue price of each series of STRYPES may waive any past default under the Indenture, except a default in the payment of the Underlying Securities with respect to any STRYPES of that series, or of cash payable in lieu thereof, or in the payment of any premium, interest or Additional Amounts on any STRYPES of that series for which payment had not been subsequently made or in respect of a covenant and provision of the Indenture which cannot be modified or amended without the consent of the holder of each Outstanding STRYPES of such series affected.

GOVERNING LAW

The Indenture and the STRYPES will be governed by, and construed in accordance with, the laws of the State of New York.

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PLAN OF DISTRIBUTION

The Company may sell STRYPES to the public through MLPF&S. The accompanying Prospectus Supplement describes the terms of the STRYPES offered thereby, including the public offering or purchase price, any discounts and commissions to be allowed or paid to MLPF&S, all other items constituting underwriting compensation, the discounts and commissions to be allowed or paid to dealers, if any, and the exchanges, if any, on which the STRYPES will be listed. Only MLPF&S will act as an underwriter in connection with the STRYPES. Under certain circumstances, the Company may repurchase STRYPES and reoffer them to the public as set forth above. The Company may also arrange for repurchases and resales of such STRYPES by dealers.

The underwriting of STRYPES will conform to the requirements set forth in the applicable sections of Schedule E to the By-Laws of the National Association of Securities Dealers, Inc.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included or incorporated by reference in the Company's 1995 Annual Report on Form 10-K, and incorporated by reference in this Prospectus, have been audited by Deloitte & Touche LLP,

independent auditors, as stated in their reports incorporated by reference herein. The information under the caption "Summary Financial Information" for each of the five years in the period ended December 29, 1995 included in this Prospectus and the Selected Financial Data under the captions "Operating Results," "Financial Position" and "Common Share Data" for each of the five years in the period ended December 29, 1995 included in the 1995 Annual Report to Stockholders of the Company, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included as an exhibit to the Registration Statement or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, such Summary Financial Information and Selected Financial Data appearing or incorporated by reference in this Prospectus and the Registration Statement of which this Prospectus is a part, have been included or incorporated herein by reference in reliance upon such reports of Deloitte & Touche LLP given upon their authority as experts in accounting and auditing.

With respect to unaudited interim financial information for the periods included in the Quarterly Reports on Form 10-Q which are incorporated herein by reference, Deloitte & Touche LLP have applied limited procedures in accordance with professional standards for a review of such information. However, as stated in their report included in any such Quarterly Report on Form 10-Q and incorporated by reference herein, they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, (the "Act") for any such report on unaudited interim financial information because any such report is not a "report" or a "part" of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

 NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES OTHER THAN THOSE SPECIFICALLY OFFERED HEREBY OR OF ANY SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS NOR ANY SALE MADE HEREUNDER AND THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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5,661,119 STRYPES

[LOGO]

MERRILL LYNCH & CO., INC.

% STRYPES SM
DUE , 2001

PAYABLE WITH SHARES OF COMMON STOCK OF

IMC GLOBAL INC.
(OR CASH WITH AN EQUAL VALUE)

PROSPECTUS SUPPLEMENT

MERRILL LYNCH & CO.

, 1996

SMService mark of Merrill Lynch & Co., Inc.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 15. "INDEMNIFICATION OF DIRECTORS AND OFFICERS".

Section 145 of the General Corporation Law of the State of Delaware, as amended, provides that under certain circumstances a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving at its request in such capacity in another corporation or business association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Article XIII, Section 2 of the Restated Certificate of Incorporation of the Registrant provides in effect that, subject to certain limited exceptions, the Registrant shall indemnify its directors and officers to the extent authorized or permitted by the General Corporation Law of the State of Delaware.

The Form of Underwriting Agreement filed as Exhibit 1(a) provides for the indemnification of the Registrant, its controlling persons, its directors and certain of its officers by the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended. The Form of Registration Agreement filed as Exhibit 1(b) provides for the indemnification of the Registrant and its controlling persons by IMC Global Inc. against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The directors and officers of the Registrant are insured under policies of insurance maintained by the Registrant, subject to the limits of the policies, against certain losses arising from any claim made against them by reason of being or having been such directors or officers. In addition, the Registrant has entered into contracts with all of its directors providing for indemnification of such persons by the Registrant to the full extent authorized or permitted by law, subject to certain limited exceptions.

<TABLE>
<CAPTION>
EXHIBIT
NUMBER

DESCRIPTION

<C> <S>
1(a)* --Form of Underwriting Agreement among the Company, GVI Holdings,
 Inc. and the Underwriter.
1(b)* --Form of Registration Agreement among the Company, IMC Global Inc.
 and the Underwriter.
4(a) --Senior Indenture, dated as of April 1, 1983, as amended and
 restated, between the Company and Chemical Bank (successor by merger
 to Manufacturers Hanover Trust Company), incorporated herein by
 reference to Exhibit 99(c) to Registrant's Registration Statement on
 Form 8-A dated July 20, 1992.
4(b)* --Form of Tenth Supplemental Indenture to the Senior Indenture
 between the Company and Chemical Bank (successor by merger to
 Manufacturers Hanover Trust Company).
4(c)* --Form of certificate representing the STRYPES.
5* --Opinion of Brown & Wood.
10* --Form of Purchase Agreement between the Company and GVI Holdings,
 Inc. relating to shares of IMC Common Stock.
23(a) --Consent of Deloitte & Touche LLP.
23(b)* --Consent of Brown & Wood.
99 --Report of Deloitte & Touche LLP with respect to certain financial
 data appearing in the Registration Statement.

</TABLE>

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*To be filed by amendment.

II-2

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in The City of New York and State of New York on the 30th day of May, 1996.

MERRILL LYNCH & CO., INC.

/s/ Joseph T. Willett

By _____
 JOSEPH T. WILLETT
 (Senior Vice President and Chief
 Financial Officer)

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS POST-EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED ON THE 30TH DAY OF MAY, 1996.

SIGNATURE

TITLE

DANIEL P. TULLY*

Chairman of the Board,
Chief Executive Officer
and Director

(DANIEL P. TULLY)

DAVID H. KOMANSKY*

President, Chief
Operating Officer and
Director

(DAVID H. KOMANSKY)

JOSEPH T. WILLETT*

Senior Vice President
and Chief Financial
Officer (Principal
Financial Officer)

(JOSEPH T. WILLETT)

MICHAEL J. CASTELLANO*

Senior Vice President
and Controller

(MICHAEL J. CASTELLANO)

WILLIAM O. BOURKE*

Director

(WILLIAM O. BOURKE)

WORLEY H. CLARK*

Director

(WORLEY H. CLARK)

JILL K. CONWAY*

Director

(JILL K. CONWAY)

| SIGNATURE | TITLE |
|--|----------|
| STEPHEN L. HAMMERMAN* ----- (STEPHEN L. HAMMERMAN) | Director |
| EARLE H. HARBISON, JR.* ----- (EARLE H. HARBISON, JR.) | Director |
| GEORGE B. HARVEY* ----- (GEORGE B. HARVEY) | Director |
| WILLIAM R. HOOVER* ----- (WILLIAM R. HOOVER) | Director |
| ROBERT P. LUCIANO* ----- (ROBERT P. LUCIANO) | Director |
| AULANA L. PETERS* ----- (AULANA L. PETERS) | Director |
| JOHN J. PHELAN, JR.* ----- (JOHN J. PHELAN, JR.) | Director |
| WILLIAM L. WEISS* ----- (WILLIAM L. WEISS) | Director |
| /s/ Joseph T. Willett | |
| *By: _____ | |
| JOSEPH T. WILLETT | |
| (Attorney-in-Fact) | |

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| 1(a)* | --Form of Underwriting Agreement among the Company, GVI Holdings, Inc. and the Underwriter. | |
| 1(b)* | --Form of Registration Agreement among the Company, IMC Global Inc. and the Underwriter. | |
| 4(a) | --Senior Indenture, dated as of April 1, 1983, as amended and restated, between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), incorporated herein by reference to Exhibit 99(c) to Registrant's Registration Statement on Form 8-A dated July 20, 1992. | |
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certain financial data appearing in the Registration Statement.

</TABLE>

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* To be filed by amendment.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 3 to the Registration Statement of Merrill Lynch & Co., Inc. on Form S-3 of our reports dated February 26, 1996, appearing in or incorporated by reference in the Annual Report on Form 10-K of Merrill Lynch & Co., Inc. (the "Company") for the year ended December 29, 1995 (the "Annual Report") and to the reference to us under the heading "Experts" in the Prospectus, which is a part of this Registration Statement. We also consent to the inclusion as Exhibit 99 to this Post-Effective Amendment No. 3 to the Registration Statement of our report dated February 26, 1996 relating to information under the caption "Summary Financial Information," for each of the five years in the period ended December 29, 1995, appearing in the Prospectus. We also consent to the incorporation by reference to this Post-Effective Amendment No. 3 to the Registration Statement of our report dated February 26, 1996, appearing as Exhibit 99(ii) in the Current Report on Form 8-K dated March 12, 1996, relating to the Selected Financial Data under the captions "Operating Results," "Financial Position" and "Common Share Data" appearing on page 26 of the Company's 1995 Annual Report to Stockholders.

/s/ Deloitte & Touche LLP

New York, New York
May 29, 1996

Two World Financial Center Telephone: (212) 436-2000
New York, New York 10281-1414 Facsimile: (212) 436-5000

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Merrill Lynch & Co., Inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Merrill Lynch & Co., Inc. and subsidiaries as of December 29, 1995 and December 30, 1994 and for each of the three years in the period ended December 29, 1995 and have issued our report thereon dated February 26, 1996. Such financial statements and our report thereon are incorporated by reference in the Company's 1995 Annual Report on Form 10-K which is incorporated herein by reference.

We have also previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of Merrill Lynch & Co., Inc. and subsidiaries as of December 31, 1993, December 25, 1992 and December 27, 1991 and the related statements of consolidated earnings, changes in consolidated stockholders' equity and consolidated cash flows for the years ended December 25, 1992 and December 27, 1991 (none of which are presented or incorporated by reference herein); and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the table under the caption Summary Financial Information for each of the five years in the period ended December 29, 1995, appearing on page 4 of the Prospectus, which is a part of this Post-Effective Amendment No. 3 of the Registration Statement of Merrill Lynch & Co., Inc. on Form S-3, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

/s/ Deloitte & Touche LLP

February 26, 1996

Deloitte Touche
Tohmatsu
International
